



SAINT FRANCIS

Hospital and Medical Center

R. Christopher Hartley
Senior Vice President
Planning and Facility Development

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CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

114 Woodland Street
Hartford, Connecticut
06105-1299

860 714-5573
Fax 860 714-8093

November 22, 2004

The Honorable Cristine Vogel
Commissioner
Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

Re: CON Determination

Dear Commissioner Vogel:

Enclosed is the CON Determination form for the request to form a joint venture between Radiology Associates of Hartford and Saint Francis Hospital and Medical.

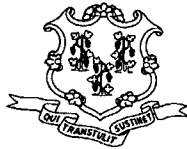
We believe the formation of this joint venture between Radiology Associates of Hartford and Saint Francis Hospital and Medical Center does not require a Certificate of Need as this joint venture does not create a new function or service, does not exceed any of the established Certificate of Need capital expenditure thresholds and is not an acquisition of Radiology Associates of Hartford by Saint Francis Hospital and Medical Center.

We appreciate your assistance in considering our request.

Please call me should you have any questions at 714-5573.

Sincerely,

R. Christopher Hartley
Senior Vice President
Planning and Facilities Development



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State of Connecticut
Office of Health Care Access
CON Determination Form
Form 2020

CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

All persons who are requesting a determination as to whether a CON is required for a proposed project must complete this form. Completed forms should be submitted to the Commissioner of the Office of Health Care Access, 410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. PETITIONER INFORMATION

If more than 2 Petitioners, please attach a separate sheet of paper and provide additional information in the format below:

	Petitioner	Petitioner
Full legal name	Saint Francis Hospital and Medical Center	Radiology Associates of Hartford, P.C.
Doing Business As	Capitol Imaging Associates	Capitol Imaging Associates
Name of Parent Corporation	Saint Francis Care, Inc.	See above
Mailing Address, if Post Office Box, include a street mailing address for Certified Mail	114 Woodland Street Hartford, CT 06105	1000 Asylum Street Suite 3201 E Hartford, CT 06105
Petitioner type (e.g., P for profit and NP for Not for Profit)	NP	P
Name of Contact person, including title	Chris Hartley Senior Vice President Planning and Facilities Development	Michael T. Twohig, M.D. President
Contact person's street mailing address	114 Woodland Street Hartford, CT 06105	1000 Asylum Street Suite 3201 E Hartford, CT 06105
Contact person's phone, fax and e-mail address	(860) 714-5573 phone (860) 714-8093 fax <u>chartley@stfranciscare.org</u>	(860)525-3322 phone (860)714-8808 fax <u>mtwohig@stfranciscare.org</u>

SECTION II. GENERAL PROPOSAL INFORMATION

a. Proposal/Project Title:

Formation of joint venture for diagnostic imaging services

b. Location of proposal (Town including street address):

**35 Nod Road, Avon, CT
580 Cottage Grove Road, Bloomfield, CT
9 Cranbrook Blvd., Enfield, CT
31 Sycamore Street, Glastonbury, CT**

c. List all the municipalities this project is intended to serve:

See the attached list of towns contained in Attachment 1.

d. Estimated starting date for the project:

e. Type of Entity: (Please check *E* for Existing and *P* for Proposed in all the boxes that apply)

E P

☒ ☐ Acute Care Hospital
☐ ☐ Behavioral Health Provider
☐ ☐ Hospital Affiliate

E P

☒ ☐ Imaging Center
☐ ☐ Ambulatory Surgery Center
☐ ☐ Other (specify): _____

E P

☐ ☐ Cancer Center
☐ ☐ Primary Care Clinic

SECTION III. EXPENDITURE INFORMATION

a. Estimated Total Capital Expenditure/Cost: **\$460,500.00**

b. Please provide the following breakdown as appropriate: (may not represent the aggregate shown above)

New Construction/Renovations	\$0
Medical Equipment (Purchase)	\$0
Imaging Equipment (Purchase)	\$0
Non-Medical Equipment (Purchase)	\$0
Sales Tax	\$0
Delivery & Installation	\$0

Total Capital Expenditure	\$460,500.00*
Fair Market Value of Leased Equipment	Included in Total Capital Expenditure
Total Capital Cost	\$460,500.00*

*Radiology Associates of Hartford will contribute to the new joint venture capital assets having a fair market value of \$460,500.00

Major Medical and/or imaging equipment acquisition:

Equipment Type	Name	Model	Number of Units	Cost per unit
N/A	N/A	N/A	N/A	N/A

Note: Provide copy of contract with vendor for medical equipment.

c. Type of financing or funding source:

- ☒ Operating Funds ☐ Lease Financing ☐ Conventional Loan
☐ Charitable Contributions ☐ CHEFA Financing ☐ Grant Funding
☐ Funded Depreciation ☒ Other (specify): **lease and capital transfers**

SECTION IV. PROPOSAL DESCRIPTION

Please attach a separate 8.5" X 11" sheet(s) of paper and provide no more than a 2 page description of the proposed project, highlighting all the important aspects of the proposed project. Please be sure to address the following (if applicable):

1. Currently what types of services are being provided? If applicable, provide a copy of each Department of Public Health license held by the Petitioner.
2. What types of services are being proposed and what DPH licensure categories will be sought, if applicable?
3. Will you be charging a facility fee?
4. Who is the current population served and who is the target population to be served?
5. Who will be providing the service?
6. Who are the payers of this service?

See the attached summary.

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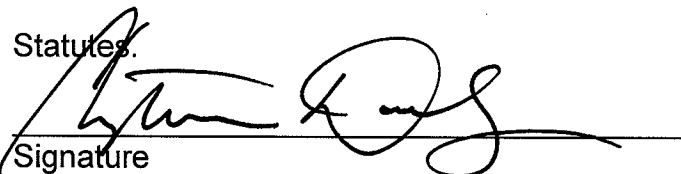
CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

SECTION V. AFFIDAVIT

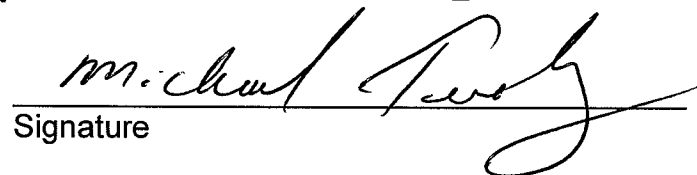
Applicants: Saint Francis Hospital and Medical Center
Radiology Associates of Hartford, P.C.

Project Title: Formation of Joint Venture for Diagnostic Imaging Centers

We, Christopher Dadlez, President and Chief Executive Officer of Saint Francis Hospital and Medical Center, and Michael T. Twohig, M.D., President of Radiology Associates of Hartford, P.C. being duly sworn, depose and state that the information provided in this CON Determination form is true and accurate to the best of my knowledge, and that Saint Francis Hospital and Medical Center and Radiology Associates of Hartford, P.C. comply with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.


Signature

11/19/04
Date


Signature

11/19/04
Date

Subscribed and sworn to before me on November 19, 2004


Notary Public/Commissioner of Superior Court

My commission expires: MARTHA E. HARTLE
NOTARY PUBLIC
MY COMMISSION EXPIRES MAY 31, 2009

Summary

Saint Francis Hospital and Medical Center and Radiology Associates of Hartford, P.C. ("RAH") are proposing to form a joint venture to own and operate the diagnostic imaging centers currently owned and operated by RAH in the towns of Avon, Glastonbury, Bloomfield and Enfield.

Saint Francis Hospital and Medical Center is a short-term acute care hospital located on two campuses on Woodland Street and on Blue Hills Avenue in Hartford. Saint Francis Hospital and Medical Center's services include a wide range of hospital and medical services, including diagnostic imaging services. Saint Francis Hospital and Medical Center's service area includes the City of Hartford and surrounding towns, including the towns of Avon, Glastonbury, Bloomfield and Enfield in which the diagnostic imaging Centers are located. Attached is the Short – term Acute Care Hospital license issued to Saint Francis Hospital and Medical Center by the Connecticut Department of Public Health contained in Attachment 2 as well as a list of the towns in the Saint Francis Hospital and Medical Center service area (see Attachment 1).

RAH is a private group of radiologists that provides the professional component of diagnostic radiology services provided at Saint Francis Hospital and Medical Center, and that owns and operates the existing Centers as private offices. The diagnostic imaging modalities currently provided at the Centers include plain film X Ray, CT Scanning, ultrasonography and fluoroscopic imaging. Saint Francis Hospital and Medical Center, through a contract with Alliance Imaging Inc., also provides mobile MRI services to the Avon and Enfield Centers. RAH is not licensed as a health care facility by the Connecticut Department of Public Health.

Please refer to the Attachment 3 for a copy of the substantially final draft of the operating agreement of the limited liability company under which the joint venture known as Capitol Imaging Associates, LLC (CIA) will be formed and operated.

Saint Francis Hospital and Medical Center will own a 51% interest in Capitol Imaging Associates and will be entitled to elect three members of the CIA's Board of Directors. RAH will own a 49% interest in the CIA's, and will be entitled to elect two members of the Board of Directors.

Upon the formation of Capitol Imaging Associates, Saint Francis Hospital and Medical Center will contribute \$479,296 to the joint venture for working capital purposes, and will assign to the joint venture, and the joint venture will assume the obligations related to, Saint Francis Hospital and Medical Center's interest in the MRI imaging service operated at the Avon and Enfield Centers as well as the Saint Francis campus pursuant to the Certificate of Need granted by the Office of Health Care Access on June 15, 2000 in Docket number 00-504. Attachment 4 is a copy of the Certificate of Need decision.

Upon the formation of Capitol Imaging Associates RAH will contribute all the equipment, furniture and furnishings owned by RAH and currently used in the Centers. RAH will also assign to the joint venture, and the joint venture will assume the obligations related to, existing leases for the space occupied by the Centers and for certain imaging and other equipment.

RAH represents that the value of the assets it is contributing and assigning to the joint venture is \$460,500 and that no single piece of imaging equipment has a value of more than \$400,000. Please refer to Attachment 5 for the RAH imaging equipment asset list. Capitol Imaging Associates will also enter into a Management Services Agreement with RAH pursuant to which RAH will provide certain management services to and for the joint venture. A copy of the substantially final draft of the Management Services Agreement is included in Attachment 6.

Capitol Imaging Associates will enter into a Professional Services Agreement with RAH pursuant to which radiologists employed by RAH will provide the professional component of the diagnostic imaging services provided at the Centers. A copy of the substantially final draft of the Professional Services Agreement is included in Attachment 7. Also, included in Attachment 8 is the proposed organizational chart that outlines the nature of the relationship between the two parties.

Capitol Imaging Associates will provide the service to its patients, will employ its own technical staff, and will contract with RAH for the professional services of RAH's radiologists. The joint venture will bill for the professional, technical and facilities components of the diagnostic imaging services provided to the Centers' patients. Payors will include Medicare, Medicaid, managed care companies, insurers, and self-pay. There will be no adverse effect on any payor as a result of this new joint venture.

Determination Discussion

The joint venture will provide the same services at the same locations as currently operated by RAH. Saint Francis Hospital and Medical Center will not be providing any service at the Centers. Thus, there will not be the introduction of a new function or service that would require a Certificate of Need pursuant to Section 19a-638(a)(2) of the Connecticut General Statutes. In addition, in three of the four centers, Glastonbury, Enfield and Avon Saint Francis Hospital and Medical Center already has blood drawing stations and community education classrooms. Furthermore, the Saint Francis /Alliance mobile MRI service currently visits the Enfield and Avon Imaging Center locations. Thus, there are no new service sites being created by this joint venture.

The total fair market value of the equipment and other assets to be acquired by Capitol Imaging Associates is less than \$1 million dollars. Thus, there will not be a capital expenditure in excess of \$1 million dollars that would require a Certificate of Need pursuant to Section 19a-639(a) of the Connecticut General Statutes.

The Office of Health Care Access has ruled in its Declaratory Ruling dated October 17, 2002 Docket Number DR02-001, that for purposes of determining whether the \$400,000 threshold has been exceeded with respect to the acquisition of imaging equipment for purposes of Section 19a-639(c) of the Connecticut General Statutes, the relevant factor is the capital expenditure with respect to each individual piece of equipment, not the aggregate capital expenditure with respect to a group of equipment.

As indicated above, no individual piece of imaging equipment to be acquired by Capitol Imaging Associates has a fair market value in excess of \$400,000. Thus, there will not be a capital expenditure for any piece of imaging equipment in excess of \$400,000 that would require a Certificate of Need pursuant to Sections 19a-639© of the Connecticut General Statutes.

Capitol Imaging Associates is an affiliate of Saint Francis Hospital and Medical Center as defined in Section 19a-630a of the Connecticut General Statutes because Saint Francis Hospital and Medical Center will have a majority ownership interest in the joint venture and will elect a majority of CIA's Board of Directors. Thus, the assignment of the MRI by Saint Francis Hospital and Medical Center to CIA is a transfer of a function or service from an existing health care facility that has already received a Certificate of Need for such service and the related capital expenditure, to an affiliate. Thus, no Certificate of Need would be required under Section 19a-638 or 19a-639 of the Connecticut General Statutes.

Saint Francis Hospital and Medical Center is not acquiring Radiology Associates of Hartford or establishing a new service at a new hospital site as was the case in the recent purchase of radiology service provided by Women's Care Medical Center by Backus Hospital. See docket number 04-30281. RAH will continue to exist after the formation of this joint venture and will retain 49% ownership in Capital Imaging Associates. Its capital contribution to Capitol Imaging Associates is the \$460,500 in equipment and furniture currently located at the Imaging Centers. Therefore we do not see the Backus decision as similar to this joint venture proposal.

This Certificate of Need Determination only addresses the continuation by Capitol Imaging Associates of the diagnostic imaging services currently provided at the existing four Centers, and the acquisition by the joint venture from the Petitioners of the imaging equipment and other equipment and assets currently utilized by the Centers.

Although the determination that no Certificate of Need is required is justified on the basis of the analysis set forth above, that determination is also supported by the determination in Charlotte Hungerford Hospital and Torrington Radiology PC, Acquisition of an Open MRI Scanner at a total capital cost of \$374,400. (Certificate of Need Determination, Report Number 00-D2) in which OHCA determined, under facts similar to those of this proposed joint venture, that no Certificate of Need was required for the formation of a joint venture by the hospital and its radiologists to provide imaging services.

ATTACHMENT 1

Saint Francis Hospital and Medical Center Service Area

Primary Service Area

West Hartford
Hartford
East Hartford
Bloomfield
Windsor
Windsor Locks
East Granby
Granby
Suffield
South Windsor
Simsbury
Canton
Avon
Farmington
East Windsor
Ellington
Somers
Stafford/Union
Enfield
Manchester/Bolton
Andover
Vernon
Tolland

Secondary Service Area

Rocky Hill
Wethersfield
Newington
New Britain
Plainville
Cromwell
Berlin
Southington
Glastonbury
Marlborough
Hebron
Bristol
Burlington
Harwinton
Thomaston
Plymouth
Wolcott
Middletown
Meriden
Middlefield
Portland
East Hampton
Colebrook
Hartland
New Hartford
Norfolk
Barkhamsted
Torrington
Winchester/Winsted

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ATTACHMENT 2

STATE OF CONNECTICUT
Department of Public Health

LICENSE

License No. 0054

General Hospital

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Saint Francis Hospital and Medical Center of Hartford, CT, d/b/a Saint Francis Hospital and Medical Center is hereby licensed to maintain and operate a General Hospital.

Saint Francis Hospital and Medical Center is located at 114 Woodland Street and 500 Blue Hills Avenue, Hartford, CT 06105

The maximum number of beds shall not exceed at any time:

65 Bassinets

617 General Hospital beds

This license expires **December 31, 2005** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2004.

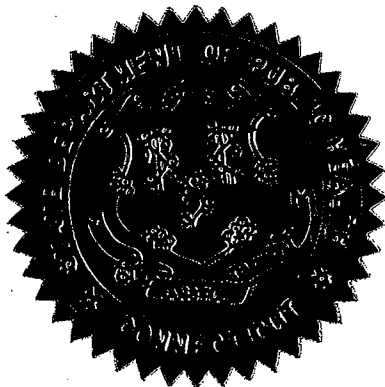
License revised to reflect:

Removed (4) Satellites. (1) effective 2/19/04, (1) effective 4/16/04 and (2) effective 7/1/04.

Satellites

Care Plus PHP, 1353 Gold Star Highway, Groton, CT

Teamworks For Adults & Adolescents PHP, 63 East Center Street, Manchester, CT



J Robert Galvin M.D., M.P.H.

J. Robert Galvin, M.D., M.P.H.,
Commissioner

ATTACHMENT 3

CAPITOL IMAGING ASSOCIATES, LLC

OPERATING AGREEMENT

THIS **OPERATING AGREEMENT** effective as of the ____ day of _____, 2004, by and between **SAINT FRANCIS HOSPITAL AND MEDICAL CENTER**, a Connecticut non-stock corporation with its principal office at 114 Woodland Street, Hartford, Connecticut 06105 ("**Saint Francis**"), and **RADIOLOGY ASSOCIATES OF HARTFORD, P.C.**, a Connecticut professional corporation with its principal office at 1000 Asylum Avenue, Suite 3201E, Hartford Connecticut 06105 ("**RAH**") (each hereinafter sometimes referred to as a "**Member**", and collectively as the "**Members**").

ARTICLE 1

GENERAL PROVISIONS

1.1. Formation; Articles. The Company was formed as a limited liability company pursuant to the Connecticut Limited Liability Company Act upon the filing of Articles of Organization with the office of the Secretary of the State of Connecticut on _____, 2004. The Members shall from time to time execute or cause to be executed all such other documents or cause to be done all such filing, recording, publishing, or other acts as may be necessary or appropriate to comply with the requirements for the formation and the operation of a limited liability company under the laws of the State of Connecticut and all other jurisdictions in which the Company may conduct business.

1.2. Name. The name of the Company is Capitol Imaging Associates, LLC (the "**Company**").

1.3. Office. The office of the Company at which the Company shall keep those records that the Company is required to maintain under the Act shall be located at 1000 Asylum Avenue, Suite 3201E, Hartford, Connecticut 06105, or at such other place or places within the State of Connecticut as the Board of Directors shall determine.

1.4. Agent for Service of Process. The agent for service of process on the Company shall be David Stone, Esq., or such other person as the Company may designate from time to time.

1.5. Purposes of the Company. The purposes of the Company shall be to operate diagnostic imaging centers in the Towns of Avon, Bloomfield, Enfield and Glastonbury, Connecticut, and in such additional locations as shall be determined by the Board of Directors, that provide a wide range of contemporary imaging services comparable to imaging services customarily provided by other outpatient imaging centers in similar communities, and in furtherance thereof, to engage in any lawful act or activity for which limited liability companies may be formed under the Act. The Company shall operate at all times in a manner that furthers the tax-exempt and charitable purposes

of Saint Francis and the Community Benefit Standard (as defined in Section 1.8) by promoting health and wellness for a broad cross-section of the greater Hartford, Connecticut community and the surrounding municipalities. Consistent with the foregoing, the Company shall be operated in furtherance of such charitable and tax-exempt purposes and Community Benefit Standard, and such purposes and standard shall not be subverted to the operation of the Company for the financial benefit of the Members.

1.6. Term of the Company. The term of the Company shall commence on the date this Agreement is executed and delivered by both Members, and shall coincide with the term of the Hospital Radiology Agreement. The current term of the Hospital Radiology Agreement expires Date and the Hospital Radiology Agreement provides for the automatic renewal and extension for successive periods of three (3) years each unless and until such time as either Saint Francis or RAH shall give the other party written notice to the other of its desire to terminate the Hospital Radiology Agreement. Thus, the term of the Company shall commence upon the filing of the Articles with the office of the Secretary of the State of Connecticut, and shall continue until the earlier of (a) the effective date of the termination, if any, of the Hospital Radiology Agreement, (b) such date upon which the Company is dissolved pursuant to the provisions of Article 8, or (c) on the effective date of the termination of any of the Transaction Agreements, unless such terminated agreement is superceded by a replacement agreement.

1.7. Title to Company Property. All assets owned by the Company, whether real or personal, tangible or intangible, shall be owned by the Company as an entity, and no Member shall have any ownership of such assets individually.

1.8. Definitions. As used in this Agreement, unless the context otherwise requires, the following terms shall have the following respective meanings:

“**Act**” means the Connecticut Limited Liability Company Act, as in effect on the date hereof and as subsequently amended.

“**Affiliate**” means, with reference to a specified Person, (a) a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person, or (b) any person that is an officer, director, partner or trustee of, or serves in a similar capacity with respect to, the specified Person, or for which the specified Person is an officer, director, partner or trustee, or serves in a similar capacity. Without limiting the generality of the foregoing, Affiliate shall also include, with respect to each Member, such Member’s designated representative Directors. With respect to Saint Francis, the Company shall not be deemed to be an Affiliate.

“**Agreement**” means this Operating Agreement, as originally executed and as it may be amended from time to time, including any exhibits, schedules or amendments thereto.

“**Articles**” means the Articles of Organization that were filed by the Company with the office of the Secretary of the State of Connecticut on _____, 2004, as originally executed and as amended from time to time, including any exhibits, schedules or amendments thereto.

"Assignment" means, with respect to any Membership Interest or any Economic Interest, a sale, conveyance, exchange, assignment, pledge, encumbrance, gift, bequest, hypothecation or other transfer or disposition by any other means, whether for value or no value and whether voluntary or involuntary (including, by operation of law), or an agreement to do with any of the foregoing. Used as a verb, **"Assign"** shall mean effecting any of the foregoing.

"Available Cash" means the gross cash receipts of the Company of any kind or description (excluding Capital Contributions) during any applicable computation period, less:

(1) all operating expenses or capital expenditures of the Company paid in cash during the period, but not including expenses paid in cash to the extent that such expenses were reserved against and funded from such reserves;

(2) all cash payments made with respect to the discharge of Company indebtedness during the period, but not including any such payments to the extent that the amounts thereof were reserved against and funded from such reserves; and

(3) the amount of any increased reserved cash established during such period as shall be determined by the Board of Directors to be necessary and advisable for (i) the payment of Company expenses coming due at some future time, (ii) the repayment of any Company indebtedness coming due at some future time, (iii) reasonable increases in working capital, and (iv) reasonable contingency reserves.

"Capital Account" means the Capital Account maintained for each Member on the Company's books and records in accordance with Regulations Section 1.704-1(b)(2)(iv).

"Capital Contributions" means, with respect to any Member, the total amount of money and the fair market value of property (other than money), less the amount of liabilities to which any contributed property is subject, contributed to the capital of the Company by such Member in the Member's capacity as a Member, whether as an initial Capital Contribution or as an additional Capital Contribution.

"Centers" means the diagnostic imaging centers operated from time to time by the Company.

"Company Assets" means all direct and indirect interests in real and personal property owned by the Company from time to time, and shall include both tangible and intangible property (including cash).

"Community Benefit Standard" means the community benefit standard generally required of hospitals under Section 501(c)(3) of the Internal Revenue Code.

"Confidential Information" shall have the meaning ascribed to it in Section 12.7.

"Dissociated Member" means a member as to which an Event of Dissociation occurs.

"Distributions" means distributions of cash or other property made by the Company to the Members from any source.

"Economic Interest" means a Person's right to share in the Net Income, Net Losses, or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote or, except as specifically provided in this Agreement or required under the Act, any right to information concerning the business and affairs of the Company.

"Event of Dissociation" means an event that causes a person to cease to be a Member as provided in Section 6.4.

"Hospital-Affiliated Physicians" means physicians who are employees of Saint Francis or any Affiliate, independent contractors who provide services to or on behalf of Saint Francis or any Affiliate, and members of the Medical and Dental Staff of Saint Francis or any Affiliate.

"Hospital Radiology Agreement" means that Agreement dated as of June 1, 1994, between Saint Francis and RAH for the provision by RAH of professional services in diagnostic radiology and related fields of medicine at Saint Francis, as amended by Amendment dated as of May 26, 1999, and by Second Amendment of even date herewith, and as the same may be modified in the future.

"Insolvency" shall have the meaning ascribed to it in Section 6.4(c).

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provisions of any succeeding law.

"Involuntary Withdrawal" shall have the meaning ascribed to it in Section 6.4(d).

"Intermediate Sanctions" means Section 4958 of the Internal Revenue Code and any Regulations promulgated thereunder, as amended from time to time, or any corresponding provisions of any succeeding law or regulation.

"Management Services Agreement" means that Management Services Agreement, of even date herewith, between the Company and RAH for the provision by RAH of certain management services and assistance to the Company.

"Members" means the Persons owning Membership Interests, including any Additional Members and Substitute Members, with each member being referred to, individually, as a "Member."

"Membership Interest" means the entire ownership interest of a Member in the Company at any particular time, including the Member's Economic Interest, any and all rights to vote and otherwise participate in the Company's affairs, and the rights to any and all benefits to which a

Member may be entitled as provided in this Agreement and the Act, together with the obligations of such Member to comply with all of the terms and provisions of this Agreement and the Act.

"Net Income or Losses" means, for each taxable year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Internal Revenue Code and the Regulations thereunder (for this purpose, all items of income, loss, or deduction required to be stated separately pursuant to Internal Revenue Code Section 703(a)(1) shall be included in taxable income or loss), including but not limited to all gains and losses recognized by the Company on the sale, exchange or other disposition of all or any part of its assets, plus any Company income exempt from taxation under the provisions of the Internal Revenue Code, less expenditures of the Company described in Internal Revenue Code Section 705(a)(2)(B) or Regulations Section 1.704-1(b)(2)(iv)(i). Amounts that are specially allocated under Section 3.1(b) or (c) shall not be taken into account in computing Net Income or Losses.

"Officer(s)" means the duly elected individual(s) serving, from time to time, as officers of the Company.

"Percentage Interest" of Saint Francis shall be fifty-one percent (51%), and the Percentage Interest of RAH shall be forty-nine percent (49%). A Member's Percentage Interest may be changed from time to time in accordance with the terms of this Agreement.

"Person" means and includes any individual, corporation, partnership, limited liability company, trust, unincorporated organization, government or any department or agency thereof, or any entity similar to any of the foregoing.

"Professional Services Agreement" means that Agreement, of even date herewith, between the Company and RAH for the provision by RAH of professional services in diagnostic radiology and related fields of medicine at the Centers.

"Regulations" means the Income Tax Regulations promulgated under the Internal Revenue Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Representative" means any person duly authorized to act on behalf of a Member.

"Service Area" means the following towns in the State of Connecticut: Hartford, Enfield, Ellington, Somers, Suffield, Tolland, Bolton, East Hartford, Manchester, South Windsor, Vernon/Rockville, Granby, East Granby, Bloomfield, Windsor, Windsor Locks, Middletown, Newington, Rocky Hill, Wethersfield, Avon, Canton, Farmington, Simsbury, West Hartford, Glastonbury, Hebron, Marlborough, Barkhamsted (Riverton), New Hartford, Torrington, Winsted, Bristol, Wolcott, Plymouth, Burlington, Harwinton, Thomaston, and Sharon..

"Substitute Member" means any Person (a) to whom a Member (or assignee thereof) Transfers all or any part of its membership Interest, and (b) that has been admitted to the Company as a Substitute Member pursuant to Section 6.2.

“Transaction Agreements” means this Agreement, the Professional Services Agreement, the Management Services Agreement, and any other agreement that may be entered into by or among the Company, Saint Francis and/or RAH relating to the Company and the Centers.

1.9. Covenant Not to Compete.

(a) RAH covenants and agrees that, if the Transaction Agreements are in full force and effect after the expiration of the first eighteen (18) months of operation of the Company, from that point through the remainder of the term of this Agreement and for a period of one (1) year thereafter, RAH shall not, directly or indirectly, provide professional diagnostic imaging services, or have any interest in, manage, operate or participate in any firm, corporation, partnership, or business (whether as director, officer, employee, partner, shareholder, member, agent, representative, security holder, consultant or otherwise) that provides diagnostic imaging services, within a five (5) mile radius of each outpatient office or office site that the Company has committed to open or within a five (5) mile radius of Saint Francis Hospital. The provisions of this Section 1.9(a) are subject to the provisions of Section 1.9(f) below.

(b) RAH shall require each radiologist providing services at the Centers to execute and deliver to RAH and the Company the form of Consent attached to the Hospital Radiology Agreement pursuant to which each radiologist agrees that, if the Transaction Agreements are in full force and effect and if the radiologist is still employed by RAH after the expiration of the first eighteen (18) months of operation of the Company, from that point through the remainder of the term of this Agreement and for a period of one (1) year thereafter, the radiologist shall not, directly or indirectly, provide professional diagnostic imaging services, or have any interest in, manage, operate or participate in any firm, corporation, partnership, or business (whether as director, officer, employee, partner, shareholder, member, agent, representative, security holder, consultant or otherwise) that provides diagnostic imaging service, within a five (5) mile radius of each outpatient office or office site that the Company has committed to open or within a five (5) mile radius of Saint Francis Hospital, provided, however, that (a) the foregoing restriction shall terminate on such earlier date that is one (1) year after the radiologist is no longer an employee, shareholder or officer of the Corporation, and (b) the foregoing shall not restrict a radiologist from providing diagnostic imaging services to inpatients of any short-term acute care hospital other than Hartford Hospital or the John Dempsey Hospital of the University of Connecticut Health Center.

(c) RAH acknowledges that any violation of the provisions of this Section 1.9 will cause the Company irreparable injury. Accordingly, the Company may enforce such provisions by seeking injunctive or other equitable relief in addition to any other remedies available at law.

(d) If a court of competent jurisdiction adjudicates that any of the provisions of this Section 1.9 exceed the time, geographic, or other limitations permitted by applicable law, this section shall be modified to the maximum time, geographic, or other limitations permitted by applicable law, as determined by such court in such action, but this Agreement as a whole shall be unaffected elsewhere. In such event, the provisions of this Section 1.9 shall apply to and be enforceable by the Company to the fullest extent determined by such court.

(e) Saint Francis shall not be restricted in any manner from competing with the Company. Notwithstanding the foregoing, however, Saint Francis shall not establish or participate in an outpatient diagnostic imaging center that is within the Service Area but not in the general vicinity of Saint Francis' inpatient facilities unless Saint Francis shall first present the opportunity to the Company and to RAH and the Company and RAH are provided with a reasonable opportunity to establish and operate the diagnostic imaging center in accordance with the provisions of this Agreement and the Transaction Agreements. In no event shall the Company establish or operate a new diagnostic imaging center without the approval of RAH, but in no event shall Saint Francis be restricted from establishing new diagnostic imaging centers that RAH does not approve as an activity of the Company.

(f) The provisions of Section 1.9(a) and (b) shall not apply to RAH in the event that the Hospital Radiology Agreement is terminated by Saint Francis without cause or is not renewed by Saint Francis.

ARTICLE 2

CONTRIBUTIONS; CAPITAL ACCOUNTS

2.1. Initial Capital Contributions. (a) Upon the execution of this Agreement, Saint Francis shall make a cash Capital Contribution in the amount of Four Hundred Seventy-Nine Thousand Two Hundred and Ninety Six Dollars (\$479,296.00). It shall also contribute its right to lease MRIs other than at the Hospital's main campus.

(b) Upon the execution of this Agreement, RAH shall make the following Capital Contributions:

(i) RAH shall contribute to the Company all of the furniture, furnishings, equipment, supplies and other tangible assets owned by RAH and used by RAH in connection with the operation of its private diagnostic imaging offices in the Towns of Avon, Bloomfield, Enfield and Glastonbury, Connecticut. The fair market value of all of such assets is agreed to be Four Hundred Sixty Thousand Five Hundred Dollars (\$460,500.00).

(ii) RAH shall assign to the Company the equipment leases and the office space leases that are listed on Schedule 2.1, and the Company shall assume all of the obligations under such leases. RAH shall be entitled to a credit against its Capital Account to the extent that the fair market value of the leases is greater than the obligations assumed by the Company with respect thereto, whether on account of tenant improvements made by RAH or otherwise.

(c) Neither Saint Francis nor RAH shall be deemed to make a Capital Contribution, or be entitled to any credit against its Capital Account, on account of the separate goodwill of Saint

Francis and RAH which each of them enjoys at the formation of the Company, because the goodwill attributable to Saint Francis and to RAH, respectively, are substantially equivalent in value.

2.2. Additional Capital Contributions. (a) The Board of Directors, in consultation with the Members, shall have the right, from time to time, to require the Members to make such Additional Capital Contributions as the Board of Directors determines to be necessary to satisfy the Company's reasonable working capital needs to pay current and anticipated bills when due in respect of Centers then in operation. No such action by the Board of Directors shall require Additional Capital Contributions to satisfy the Company's working capital needs for any period extending more than three (3) months following the action of the Board of Directors. This provision shall not be used to fund capital expenditures or the expansion of services.

(b) Additional Capital Contributions in addition to those required by the Board of Directors pursuant to Section 2.2(a) shall only be made with the consent of the Members at such times and in such amounts as shall be determined by two-thirds (2/3rds) vote of the Board of Directors.

(c) Additional Capital Contributions shall be made in proportion to the respective Percentage Interests of the Members.

(d) The maximum Additional Capital Contribution that may be required under Section 2.2(a) shall be **\$ Additional Capital** for Saint Francis and **\$ Additional Capital** for RAH. If additional capital Contributions are needed for the purposes set out in Section 2.2(a), and such amounts cannot be borrowed from third parties, then either Member (the "Declaring Member") may declare by written notice to the other that Additional Capital Contributions are needed for such purpose, and shall state and document the level of Additional Capital Contributions deemed necessary. If the other Member agrees, the Members shall make Additional Capital Contributions in proportion to their respective Percentage Interests within ninety (90) days of such written notice. If the other Member does not agree and declines to make its Additional Capital Contribution, the Declaring Member may make a Deficiency Loan under the terms set forth in Section 2.3(ii) or may make an Additional Capital Contribution under the terms outlined in Section 2.3(i), or may declare an Event of Dissociation with respect to the other Member after giving the other Member written notice and thirty (30) days to make the Additional Capital Contribution that it previously declined to make.

2.3. Failure to Make Capital Contribution. (a) If a Member fails or refuses to make a required Capital Contribution (a "Defaulting Member"), and to the extent that the Company does not exercise its right with respect to that Member under Section 2.3(c), the other Member may pursue the following options:

(i) The other Member may, after giving prior written notice to the Defaulting Member, make a Capital Contribution to the Company equal to the amount of the unpaid Capital Contribution required to be made by the Defaulting Member. The Percentage Interest of each Member shall be recomputed after a Defaulting Member fails to make a Capital Contribution as provided herein based on the cumulative total Capital Contributions of each Member as of the date of such recomputation; or

(ii) The other Member may make a loan (a “**Deficiency Loan**”) to the Company in an amount equal to the amount of the unpaid Capital Contribution that is required to be made by the Defaulting Member. Any Deficiency Loan shall be payable on demand, bear interest at a floating rate equal to the “Prime Rate” from time to time published in The Wall Street Journal (or if no such rate is published, at the “base rate” announced in Hartford, Connecticut, by Fleet Bank, N.A. or its successor) plus one percentage point (1%). If not sooner paid in accordance with this Agreement or other agreements among the lending Member, the Defaulting Member and the Company, no Distributions shall be made to any Member unless all Deficiency Loans, together with accrued interest thereon, shall have been paid in full. If not sooner paid, the outstanding balance of all Deficiency Loans, together with accrued interest thereon, shall be due and payable upon the earlier of: (a) the dissolution of the Company, (b) the sale of all or substantially all of the Company’s assets, or (c) the sale in a transaction or series of related transactions of all of the Economic Interests; or

(iii) The other Member may exercise a combination of the options set forth in subparagraphs (i) and (ii) above; or

(iv) The other Member may, at any time commencing thirty (30) days after the due date of any required Capital Contribution and prior to the Defaulting Member making the required Capital Contribution, declare a material breach of this Agreement and exercise any combination of the rights provided in Sections 6.4(b) and 8.3 to acquire the Economic Interest of the Defaulting Member or to terminate this Agreement and dissolve the Company.

(b) The exercise by a Member of the option set forth in Section 2.3(a)(i) shall relieve or release the Defaulting Member of its obligation to make the required Capital Contribution, but the exercise by a Member of either of the options set forth in Section 2.3(a)(ii) or (iv) shall not relieve or release the Defaulting Member of its obligation to make the required Capital Contribution.

(c) The Company shall have the right to setoff against any Distributions to be made to a Defaulting Member and any amounts owing to RAH (or any Affiliate of RAH) pursuant to the provisions of this Agreement, the Management Services Agreement and the Professional Services Agreement, and any other agreement that may be entered into between the Company and RAH (or any Affiliate of RAH), and apply the same against any Additional Capital Contributions that RAH is required to make under Section 2.2(a). The Company shall have the right to setoff against any amounts owing to Saint Francis (or any Affiliate of Saint Francis) pursuant to the provisions of this Agreement and any other agreement that may be entered into between the Company and Saint Francis (or any Affiliate of Saint Francis), and apply the same against any Capital Contributions that Saint Francis is required to make hereunder. The exercise by the Company of the foregoing right to setoff shall release and relieve the Defaulting Member of its obligation to make the required Additional Capital Contribution in an amount equal to the amount of the setoff.

2.4. Capital Accounts. The Company shall maintain separate capital accounts for each Member (the “Capital Accounts”). The Capital Accounts shall be kept in accordance with generally

accepted accounting practices, consistently applied. Without limiting the foregoing, Capital Accounts shall be credited with Capital Contributions and Net Income and charged with Distributions and Net Losses. The foregoing provisions and the other provisions of this Operating Agreement relating to the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with Section 1.704-1(b)(2)(iv) of the Regulations. In the event that the Board of Directors shall determine that it is prudent to modify the manner in which the Capital Accounts, or any increases or decreases thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or the Members), are computed in order to comply with such Regulations, the Company may make such modification, provided that it is reasonable to believe that such modification will not have a material effect on the amounts distributable to any Member upon the dissolution of the Company. The Company shall also (a) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Section 1.704-1(b)(2)(iv)(g) of the Regulations, and (b) make any appropriate modifications in the event that unanticipated events might otherwise cause this Operating Agreement not to comply with Section 1.704-1(b) of the Regulations. Solely for federal and state income tax purposes, any income, gain, loss or deduction with respect to any property contributed to the Company by a Member, or with respect to which an adjustment to Capital Accounts is made under clause (a) of the preceding sentence, shall be allocated among the Members in the manner required under Section 704(c) of the Internal Revenue Code and Regulations Section 1.704-3, or Regulations Section 1.704-1(b)(4)(i) in the same manner as under Internal Revenue Code Section 704(c) and Regulations Section 1.704-3, as the case may be, in accordance with such method as may be selected by the Board of Directors..

2.5. Withdrawal of Capital Contributions. No Member shall have the right to withdraw its Capital Contribution, any Net Income credited to its Capital Account, or any funds or property of the Company. Neither Member shall have priority over the other Member as to the return of its Capital Contribution. Neither Member shall have the right to demand or receive property other than cash in return for its Capital Contribution. No interest shall be paid to either Member with respect to its Capital Contribution. Upon dissolution and winding up of the Company, the assets of the Company shall be distributed to the Members as provided in Section 8.3.

ARTICLE 3

ALLOCATIONS AND DISTRIBUTIONS

3.1. Allocations of Net Income or Losses. (a) Subject to the other provisions of this Article 3, Net Income, Net Losses and any other items of income, gain, loss and deduction for any fiscal year shall be allocated, for purposes of adjusting the Capital Accounts of the Members, in proportion to the Members' respective Percentage Interests. Subject to the other provisions of this Agreement, an allocation to a Member of a share of Net Income or Net Losses shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Income or Net Losses.

(b) Any allocation pursuant to Section 3.1(a) shall, however, be subject to any adjustment to

comply with Regulations Section 1.704-1 and 1.704-2 (the “**Regulatory Allocations**”), including, without limitation, any qualified income offset allocation within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d), any nonrecourse deduction allocation within the meaning of Regulations Section 1.704-2(b)(1), any partner nonrecourse deduction allocation within the meaning of Regulations Sections 1.704-2(i)(1) and 1.704-2(i)(2), any partnership minimum gain chargeback allocation within the meaning of Regulations Sections 1.704-2(b)(2) and 1.704-2(d), and any partner nonrecourse debt minimum gain chargeback allocation within the meaning of Regulations Section 1.704-2(i)(3). Nonrecourse deduction allocations within the meaning of Regulations Section 1.704-2(b)(1) shall be made to the Members in proportion to their Percentage Interests. For purposes of determining each Member’s share of “excess nonrecourse liabilities” of the Company, as such term is defined by Regulations Section 1.752(a)(3), and solely for such purpose, the Members’ Interests in Company profits shall be in proportion to their Percentage Interests.

(c) It is the intent of the parties hereto that, to the extent possible, all Regulatory Allocations will be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss, or deduction pursuant to this Section 3.1(c). Therefore, notwithstanding any other provision of this Section 3.1 (other than the Regulatory Allocations), the Company shall make such offsetting special allocations of Company income, gain, loss, or deduction in whatever manner it determines appropriate so that after such offsetting allocations are made, each Member’s Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of this Agreement and all Company items were allocated pursuant to Section 3.1(a). In exercising its discretion under this Section 3.1(c), the Company shall take into account future partnership minimum gain chargeback allocations and partner nonrecourse debt minimum gain chargeback allocations under Section 3.1(b) that, although not yet made, are likely to offset nonrecourse deduction allocations and partner nonrecourse deduction allocations previously made.

(d) In making the allocation of Net Income or items of income or gain among the Members, the ordinary income portion, if any, of such Net Income or items of income or gain caused by the recapture of cost recovery or other deductions shall be allocated among those Members who were previously allocated the cost recovery or any other deductions in proportion to the amount of such deductions previously allocated to them. It is intended that the Members, as between themselves, shall bear the burden of recapture caused by cost recovery or other deductions that were previously allocated to them, in proportion to the amount of such deductions that have been allocated to them, notwithstanding that a Member’s share of Net Income, Net Losses, items of income, gain, loss or deduction, or liabilities may increase or decrease from time to time. Nothing in this Section 3.1(d), however, shall cause the Members to be allocated more or less Net Income or items of income or gain than otherwise would be allocated to them pursuant to this Article 3.

(e) For any fiscal year during which any part of a Membership Interest or Economic Interest is transferred between the Members or to another Person, the portion of the Net Income, Net Losses, and other items of income, gain, loss, deduction, and credit that are allocable with respect to such part of a Membership Interest or Economic Interest shall be apportioned between the transferor and the transferee under any method allowed pursuant to Section 706 of the Internal Revenue Code and the applicable Regulations, as unanimously agreed upon by the Members.

(f) The Members shall be bound by the provisions of this Article 3 and the last two sentences of Section 2.4 in reporting their shares of Net Income, Net Losses, and other items of income, gain, loss, deduction, and credit for federal, state, and local income tax purposes.

3.2. Distributions. Available Cash shall be computed by the Board of Directors with respect to each quarter-annual period and distributed within thirty (30) days after the end of each such period. Available Cash may be computed and distributed more frequently by the Company at the discretion of the Board of Directors. Available Cash for any period shall be distributed in cash in accordance with the respective Percentage Interests of the Members. It is the intention of the parties that Distributions shall be made in such amounts and at such times as to be equal at least to the amounts of Federal and state estimated income tax installment payments that are payable by the Members on account of the Net Income of the Company and other items of income, gain, loss and deduction of the Company not taken into account in computing such Net Income for the applicable periods. No Distributions shall be made to any Member if and so long as (a) the Member is in default in the payment of any Additional Capital Contribution required pursuant to Section 2.2(a) and it has not been relieved or released of its obligation to make Capital Contributions pursuant to Section 2.3(b), or (b) any Deficiency Loans, or any interest accrued thereon, shall remain outstanding unless the Member who made the Deficiency Loans consents to such Distributions.

3.3. Dissolution. Upon dissolution and winding up of the Company, the assets of the Company shall be distributed to the Members as provided in Section 8.4.

3.4. No Priority. No Member shall have priority over any other Member as to Distributions.

3.5. Withholding. The Company may withhold Distributions or portions thereof if it is required to do so by any applicable rule, regulation, or law. Each Member hereby authorizes the Company to withhold from and pay on behalf of such Member any amount of taxes that the Company is required to withhold or pay with respect to any amount distributable or allocable to such Member pursuant to this Agreement.

3.6. Distributions in Kind. No right is given to any Member to demand or receive property other than cash as provided in this Agreement. The Members may determine, by their unanimous vote, to make a distribution in kind of Company assets to the Members, and such Company assets shall be distributed in such a fashion as to ensure that the fair market value thereof as agreed upon by the Members is distributed and allocated in accordance with Article 3 and Article 8 in a manner agreed upon by all of the Members.

3.7. Limitations on Distributions. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not knowingly make a distribution to any Member or the holder of any Economic Interest on account of its Membership Interest or Economic Interest in the Company (as applicable) in violation of applicable law.

ARTICLE 4

BOARD OF DIRECTORS; MANAGEMENT; OFFICERS

4.1. Board of Directors. (a) The management of the business, property and affairs of the Company shall be vested in a Board of Directors that shall consist of five (5) persons, three (3) of whom shall be appointed by Saint Francis, and two (2) of whom shall be appointed by RAH.

(b) Each Director shall serve at the pleasure of the Member that appoints such Director, and may be removed and replaced at any time, with or without cause, by the Member that appoints such Director.

(c) The Directors shall exercise their duties, responsibilities and authority pursuant to the provisions of this Agreement so that the Company will be operated in a manner that furthers Saint Francis' tax-exempt and charitable purposes by promoting health for a broad cross-section of the community, and the duty of the Directors to operate the Company in a manner that furthers such purposes overrides any duty the Directors may have to operate the Company for the financial benefit of the Members. In the event of a dispute between Saint Francis and RAH regarding the operation of the Company and the Centers for tax-exempt and charitable purposes as provided herein, either party may submit the matter to dispute resolution as provided in Section 12.7.

(d) Except as otherwise provided in the Transaction Agreements as amended from time to time or as expressly authorized by the Board of Directors, only the Board of Directors and the duly authorized Officers of the Company shall have the power and authority to bind the Company, no Member or Director (other than a Director who has been elected to serve as an Officer) shall take any action to bind the Company, and each Member and Director shall indemnify the Company for any costs or damages incurred by the Company as a result of the unauthorized actions of such Member or Director.

4.2. Power and Authority of Board of Directors. (a) The Board of Directors shall have the power and authority to cause the Company to do and perform all acts as may be necessary or appropriate to the conduct of the Company's business. Subject to the foregoing and to any limitations contained in the Transaction Agreements or the Act, the Board of Directors shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all acts or activities customary or incident to the management and operation of the Company and its business. Without limiting the generality of the foregoing, the Board of Directors shall have the power and authority to cause or authorize the Company, or its duly elected officers acting in their official capacity on behalf of the Company:

(i) To acquire property from any person as the Board of Directors may determine, and the fact that a Member or Director is such a person, or is directly or indirectly affiliated or connected with any such person, shall not prohibit the Company from dealing with that person;

(ii) To borrow money for the Company from banks, other lending institutions, a Member or Affiliate of any Member and, in connection therewith, to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums;

(iii) To purchase liability and other insurance;

(iv) To hold and own any real and/or personal property in the name of the Company;

(v) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments;

(vi) To sell or otherwise dispose of all or substantially all of the assets of the Company, subject to the approval of the Members as set forth herein;

(vii) To execute all instruments and documents, including without limitation checks, drafts, notes and other negotiable instruments, deeds, bills of sale, mortgages, security agreements, financing statements, assignments, leases, partnership agreements, operating agreements of other limited liability companies and any other instruments or documents necessary or convenient for the conduct of the business of the Company;

(viii) To employ accountants, legal counsel, managing agents, or other experts to perform services for the Company and to compensate them from Company funds;

(ix) To enter into any and all other agreements on behalf of the Company with any other person for any purpose relating to the business of the Company;

(x) To appoint employees and agents of the Company, define their duties and establish their compensation;

(xi) To cause the Company to organize and/or participate in one or more provider service networks with other health care providers;

(xii) To establish annual capital and operating budgets;

(xiii) To enter into the Professional Services Agreement;

(xiv) To enter into the Management Services Agreement, and to delegate to RAH the responsibility and authority with respect to the day-to-day management and administration of the Company;

(xv) To take such action as the Board of Directors deems to be necessary so that the activities of the Company are in furtherance of Saint Francis' tax-exempt and charitable purposes and the Community Benefit Standard; and

(xvi) To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

4.3. Management Services Agreement. The Board of Directors shall oversee the activities and performance of RAH pursuant to the provisions of the Management Services Agreement. In particular, and without limiting the generality of the foregoing, the Board of Directors shall monitor RAH's compliance with the provisions of the Management Services Agreement that require RAH to operate to the Company and the Centers in a manner that furthers Saint Francis' tax-exempt and charitable purposes and the Community Benefit Standard by promoting health for a broad cross-section of the community, and that overrides the operation of the Company for the financial benefit of the Members. In accordance with and subject to the provisions of the Management Services Agreement, the Board of Directors shall terminate the Management Services Agreement if the Board of Directors determines that RAH has failed to operate the Company in accordance with such standards, and in the event of a dispute relating to such termination, RAH shall have the right to submit the dispute for dispute resolution process pursuant to the provisions of the Management Services Agreement.

4.4. Meetings of Board of Directors; Quorum. Regular meetings of the Board of Directors shall be held at least quarter-annually, at such time and place as the Board of Directors shall from time to time designate at least seven (7) days in advance. A special meeting of the Board of Directors may be called by the Chairman or any two of the Directors upon three (3) days' written or oral notice to each Director. A majority of the Directors shall constitute a quorum for the transaction of business, provided that Saint Francis shall be represented by at least two (2) Directors who are present and RAH shall be represented by at least one (1) Director who is present. The act of a majority of the Directors, present and voting at a meeting at which a quorum is present, shall be the act of the Board of Directors. A Director may vote by written proxy given to another Director.

4.5. Informal Action. Any action permitted or required by this Agreement or the Act to be taken by the Board of Directors may be taken without a meeting if, prior or subsequent to the action, a written consent or consents thereto are signed by such number of Directors required to take such action pursuant to this Agreement or the Act.

4.6. Telephone Participation in Meetings. One or more Directors may participate in a meeting of the Board of Directors means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

4.7. Compensation and Reimbursement for Expenses of Directors. Directors shall not be entitled to any compensation for serving as such. The Directors shall be entitled to reimbursement by the Company for reasonable expenses incurred on behalf of the Company as shall be approved by the Board of Directors.

4.8. Medical Director. Pursuant to the provisions of the Professional Services Agreement, the President of RAH, with the approval of the Board of Directors, shall designate a Medical Director who shall have primary supervision and administration over all clinical matters pertaining to the Centers. The Board of Directors shall have the authority to remove the Medical Director at any time, in which event the President of RAH, with the approval of the Board of Directors, shall designate a new Medical Director.

4.9. Officers. The Board of Directors shall appoint a Chairman, who shall always be a Director appointed by Saint Francis, and a Vice Chairman, who shall always be a Director appointed by RAH. The Chairman and the Vice Chairman shall serve at the pleasure of Saint Francis or RAH, respectively, and may be removed and replaced by another Director at any time, with or without cause, by Saint Francis or RAH, respectively. In addition, the Board of Directors shall appoint a President, a Secretary, and such other Officers having such authority and duties as the Board of Directors shall deem to be necessary.

4.10. Liability of Directors and Officers. The Directors and Officers shall have no personal liability for, and the Company shall indemnify and save the Directors and Officers harmless from and against, (i) monetary damages for breach of any duty provided for in the Act or under this Agreement, and (ii) to the fullest extent permitted under the Act, any judgments; settlements, penalties, fines or expenses incurred in a proceeding to which a Director or an Officer is a party because such Person was a Director or Officer of the Company; provided, however, that (i) the conduct (whether by action or omission) giving rise to such breach or such proceeding was within the scope of the authority granted to the Director or Officer by this Agreement and the Act; and (ii) such conduct did not constitute gross negligence or willful misconduct by the Director or the Officer; and (iii) the satisfaction of any indemnification and saving harmless shall be from, and limited to, Company Assets, and no Member shall have any personal liability on account thereof.

ARTICLE 5

MEMBERS

5.1. Names and Addresses of Members. The names and addresses of the Members are set forth at the beginning of this Agreement. No Person may become a Member without first executing and delivering a counterpart of this Agreement.

5.2. Limitation of Liability of Members. Each Member's liability as a Member for the debts, obligations or liability of the Company or of any other Member, agent or employee of the Company shall be limited to the full extent provided by the Act. Except as otherwise required by any non-waivable provision of the Act or other applicable law: (a) no Member shall be personally liable in any manner whatsoever for any debt, liability or other obligation of the Company, whether such debt, liability or other obligation arises in contract, tort, or otherwise; and (b) no Member shall in any event have any liability whatsoever in excess of (i) the amount of its Capital Contributions, (ii) its share of any assets and undistributed profits of the Company, (iii) the amount of any obligation of

such Member to make additional Capital Contributions to the Company, and (iv) the amount of any wrongful Distribution to such Member.

5.3. No Power to Manage. No Member, in its capacity as a Member, shall have any right to take part in the conduct or control of the Company business by reason of being a Member nor have any right or authority to act for or bind the Company.

5.4. Meetings of the Members. (a) Meetings of Members may be called by Saint Francis or RAH.

(b) The Company shall deliver or mail written notice of any meeting of Members to each Member of record entitled to vote at the meeting, at such address as appears in the records of the Company. The notice shall state the date, time and place of the meeting and a description of the purposes for which the meeting is called. The notice shall be mailed at least five (5) but not more than thirty (30) days before the date of the meeting. A Member may waive notice of any meeting before or after the date of the meeting by delivering a signed waiver to the Company for inclusion in the minute book of the Company. A Member's attendance at any meeting (i) waives objection to lack of notice or defective notice of the meeting unless the Member, at the beginning of the meeting, objects to holding the meeting or transacting business at the meeting, and (ii) waives objection to consideration of a particular matter at the meeting that is not within any purposes described in the meeting notice unless the Member objects to considering the matter when it is presented. A Member may vote by written proxy given to a Person who is a Director.

(c) The record date for the purpose of determining the Members entitled to notice of a Members' meeting, for demanding a meeting, for voting or for taking any other action shall be the tenth (10th) day prior to the date of the meeting or other action.

(d) At any meeting of Members, the presence of both Saint Francis and RAH shall constitute a quorum, and no action by the Members shall be effective without the approving vote of both Saint Francis and RAH. No assignee of an Economic Interest shall be entitled to vote on or otherwise participate in any matters at any meeting unless such assignee becomes a Substitute Member as provided in Section 6.2.

(e) Any or all Members may participate in any Members' meeting by any means of communication by which all members participating may hear each other simultaneously during the meeting. A Member so participating is deemed to be present in person at the meeting.

(f) At any Members' meeting the Chairman of the Board of Directors shall preside. In the absence of the Chairman, the Vice Chairman shall preside, and in his or her absence the Members shall appoint an individual to preside at the meeting.

(g) Any action permitted or required by this Agreement or the Act to be taken by the Members may be taken without a meeting if a written consent (which may be executed in multiple counterparts) setting forth the action to be taken is signed by Saint Francis and RAH.

5.5. Vote of the Members, When Required. The vote of the Members shall be required only for the following matters: (a) any amendment of this Agreement; (b) any merger or consolidation of the Company with another entity; (c) any sale, lease, exchange or other disposition in a single transaction or series of related transactions of all or substantially all of the assets or property of the Company; (d) the dissolution of the Company as provided for in Section 8.1(b); and (e) any other matter specifically in this Agreement requiring the vote or approval of the Members.

ARTICLE 6

ASSIGNMENT OF ECONOMIC INTERESTS; WITHDRAWAL OF MEMBER

6.1. Restrictions on Assignment. (a) No Member shall make or effect an Assignment of all, or any part of, its Economic Interest or its Membership Interest without the prior written consent of Saint Francis and RAH, which consent may be withheld by either Saint Francis or RAH in its sole discretion, except that Saint Francis, without the consent of RAH, may assign all or any part of its Economic Interest or Membership Interest to an Affiliate, provided that notice is given to RAH.

(b) No purported Assignment or other act of a Member in contravention of the provisions of this Section 6.1 shall be or constitute an effective Assignment of an Economic Interest or a Membership Interest, or otherwise be binding upon or recognized by the Company, unless the assignor and the assignee shall have complied with the requirements of this Section 6.1.

(c) An Assignment made or effected in compliance with the provisions of this Section 6.1 entitles the assignee to receive, to the extent assigned, the Distributions and the Net Income, Net Losses and items of income, gain, loss, and deduction to which the assignor would be entitled. An Assignment of the Member's Economic Interest does not entitle the assignee to become or to exercise any rights of a Member unless the Member becomes a Substitute Member pursuant to the provisions of Section 6.2. Until the assignee becomes a Member, the assignor shall continue to be a Member and shall have the power to exercise any rights of a Member, subject to the other Members' right to remove the assignor pursuant to the Act.

(d) An assignee that has become a Member shall have, to the extent assigned, the rights and powers, and shall be subject to the restrictions and liabilities, of a Member as provided in this Agreement and the Act.

(e) Each Member hereby agrees to indemnify and hold harmless the Company, and the other Members, from and against all loss, damage or expense, including, without limitation, tax liabilities or loss of tax benefits, arising directly or indirectly as a result of any assignment or purported assignment in contravention of the provisions of this Section 6.1 or any assignment by Saint Francis to an Affiliate as permitted pursuant to Section 6.1(a).

6.2. Transferees, Substitute Members and Record Owners. (a) Unless a transferee of an Economic Interest becomes a Substitute Member in accordance with the provisions of this Section 6.2, such assignee or transferee shall not be entitled to any of the rights granted to a Member under

this Agreement or under the Act.

(b) A transferee of a Economic Interest shall become a Substitute Member entitled to all the rights of a Member if, and only if: (1) the Member or Members transferring the Economic Interest give the transferee that right in writing; (2) Saint Francis and RAH consent in writing to the transferee becoming a Substitute Member, except that the consent of RAH shall not be required for an Assignment by Saint Francis to an Affiliate, provided that notice is given to RAH; (3) the transferee pays to the Company all costs and expenses incurred in connection with the acquisition of a Economic Interest in the Company; and (4) the transferee executes and delivers such instruments in form and substance satisfactory to Saint Francis and RAH as they may deem necessary or desirable to effect the substitution and to confirm the agreement of the transferee to be bound by all of the terms and provisions of this Agreement.

(c) Any transferee of an Economic Interest shall be subject to all of the terms and conditions of this Agreement.

(d) The Company shall not be required to recognize any transfer of an Economic Interest until the assignment or other instrument conveying the Economic Interest has been delivered to the Company for recordation on the books of the Company. The Company shall be entitled to treat the record owner of any Economic Interest as the absolute owner thereof in all respects, and shall incur no liability for distributions of cash or other property made in good faith to a record owner until a written assignment or other instrument of transfer has been received and accepted by the Company and recorded on the books of the Company. The Company may refuse to accept a transfer until the end of the next succeeding quarterly, semi-annual or annual accounting period.

6.3. Voluntary Withdrawal. No Member shall have the right to withdraw from the Company other than by a permitted Assignment or an Event of Dissociation. The voluntary withdrawal of any Member from the Company in breach of the foregoing shall create the automatic termination of its Economic Interest and all rights associated therewith (including without limitation any rights to payment from the Company on account of such Economic Interest).

6.4. Dissociation of a Member. (a) Each of the following shall constitute an "Event of Dissociation" with respect to a Member: (i) the Member's Insolvency (as defined in Section 6.4(c)); (ii) any material breach of the terms of this Agreement, the Professional Services Agreement, the Management Services Agreement, or any other Transaction Agreement, and the continuation of such breach for a period of ninety (90) days after notice of such breach from the other Member, provided that if such breach cannot, with best efforts and diligence of the breaching party, be cured within such 90-day period, then such 90-day period shall be extended for such longer period as shall be reasonable in the circumstances so long as the breaching party continues to use its best efforts and diligence to cure such default; (iii) the Member's Involuntary Withdrawal (as defined in Section 6.4(d)); (iv) with respect to RAH, the termination by Saint Francis of the Hospital Radiology Agreement for cause; and (v) an Event of Dissociation as provided in Section 2.2(d).

(b) Upon the occurrence of an Event of Dissociation, the Member not suffering the Event of Dissociation shall have the option, exercisable within sixty (60) days after the Event of Dissociation

(the "Option Period"), to purchase the Economic Interest of the Dissociated Member at a purchase price equal to the amount the Member would be entitled to receive if the Company's tangible and intangible assets were sold, at Fair Market Value, as a going concern but reflective of any effect on such Fair Market Value attributable to the fact that the Member who experiences an Event of Dissociation will no longer be a member of the Company or otherwise associated with the services at the Centers but that such services shall be continued at the Centers, the gain or loss therefrom was allocated among the Capital Accounts of the Members, the liabilities of the Company were paid, and the net proceeds and any other cash of the Company were distributed in accordance with Capital Account balances (after all required Capital Account adjustments for all fiscal years or other periods up to the date of determination). In the event that Saint Francis and RAH are not able to agree on the Fair Market Value, then each of the parties shall appoint an appraiser and advise the other party of the identity of its appraiser. The two appraisers shall be instructed to each render an appraisal of the Fair Market Value, and the Fair Market Value shall be the amount determined by the two appraisers, whose determination shall be binding and conclusive upon the Saint Francis and RAH. If the two appraisers shall not agree, and the higher appraisal is not more than one hundred ten percent (110%) of the lower appraisal, then the Fair Market Value shall be the average of the two appraisals. If the two appraisers shall not agree and the Fair Market Value is not determined pursuant to the immediately preceding sentence, then the two appraisers shall appoint a mutually agreeable third appraiser who shall be instructed to render an appraisal in the same manner, and if the two appraisers fail to do so, the selection of the third appraiser may be made by any judge of the Superior Court in and for the Hartford-New Britain Judicial District upon application of either party, in which case the Fair Market Value shall be the amount determined by the third appraiser, whose determination shall be binding and conclusive upon Saint Francis, RAH and the Company. Saint Francis and RAH shall pay the costs of the respective appraiser appointed by each of them, and shall share equally the cost of the third appraiser if one shall be appointed. If one party shall fail to appoint an appraiser within ten (10) days of receipt of the notice from the other party, then the appraisal by the party giving notice shall prevail unless such failure is cured within ten (10) days after notice of opportunity to cure. If the Member not suffering the Event of Dissociation does not exercise its option to purchase the Economic Interest of the Dissociated Member within the Option Period, then the Dissociated Member shall have the option, exercisable within sixty (60) days after the earlier of (x) the expiration of the Option Period, or (y) the date when the Member not suffering the Event of Dissociation gives the other Member written notice of its intent not to exercise the option to purchase, to purchase the Economic Interest of the Member not suffering the Event of Dissociation on the same terms specified in this Section 6.4(b). Any Member who experiences an Event of Dissociation shall cease to be a Member upon the other Member's giving notice of its option to purchase as provided herein.

(c) The "Insolvency" of a Member occurs when the Member (i) makes an assignment for the benefit of creditors; (ii) files a voluntary petition in bankruptcy; (iii) is adjudicated as bankrupt or insolvent; (iv) files a petition or answer seeking for such Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Member in any proceeding of this nature; (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Member or of all or any substantial part of the member's properties; or (vii) if, one hundred twenty (120) days after the commencement of any proceeding against the Member seeking reorganization, arrangement,

composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, the proceeding has not been dismissed, or if within ninety (90) days after the appointment without such Member's consent or acquiescence of a trustee, receiver or liquidator of the Member or all or any substantial part of such Member's properties, the appointment is not vacated or stayed, or if within ninety (90) days after the expiration of any stay, the appointment is not vacated.

(d) The "**Involuntary Withdrawal**" of a Member means the occurrence, without the prior written consent of both Members, of the dissolution of the Member.

(e) The purchase price of Economic Interests pursuant to this Section 6.4 shall be paid in cash within ninety (90) days after the date of the determination of the value of Fair Market Value as provided in Section 6.4(b), except that the purchasing Member shall pay to the Dissociated Member, within ninety (90) days after an Event of Dissociation and subject to adjustment after the Fair Market Value is determined pursuant to Section 6.4(b), the value of the Dissociated Member's Economic Interests as asserted by the purchasing Member and/or the appraiser appointed by such Member.

(f) The closing for the purchase of the Interest of a Member pursuant to this Section 6.4 shall take place at a location and on a date to be determined by the purchaser(s). The closing date shall be within ninety (90) days after the determination of the purchase price.

(g) The parties shall execute standard and commercial reasonable documentation evidencing the transfer of Economic Interests pursuant to this Agreement.

ARTICLE 7

BOOKS, RECORDS, ACCOUNTING AND REPORTS

7.1. Availability. The Company shall keep full and true books of account in accordance with good accounting principles and procedures applied in a consistent manner. The books of account shall reflect all Company transactions, and shall be appropriate and adequate for the Company's business. Any Member, or any Member's Representative, shall have the right at any time to inspect and copy such books and documents during normal business hours.

7.2. Financial Reports. As soon as practicable after the close of each fiscal year, the Company shall provide for financial reports for such year that shall be distributed to all Members. The financial report shall include a balance sheet, income statement and schedules showing (a) Distributions to the Members and allocations to the Members of Net Income or Losses, (b) all necessary tax reporting information required by the Members for preparation of their income tax returns, and (c) on request, a copy of the tax returns (federal, state and local, if any) of the Company for such fiscal year.

7.3. Accounting Decisions. Except as specifically provided to the contrary herein, all decisions as to accounting matters for both financial and tax reporting shall be made for the Company by RAH, subject to the reasonable approval of the Board of Directors, including, without

limitation, decisions with regard to method of accounting, of income and accounting conventions to be used in connection with the admission or withdrawal of a Member or a change in a continuing Member's Economic Interest.

7.4. Fiscal Year. The Company's fiscal year shall be the calendar year.

7.5. Bank Accounts. The Company shall maintain bank accounts in the name of the Company in such banking institutions as the Members shall determine. All cash receipts of the Company shall be deposited in such accounts, and withdrawals shall be made on such signature or signatures as the Members shall determine. All monies deposited in such accounts shall be and remain the property of the Company until withdrawn and disbursed by the Company for the purposes specified in this Operating Agreement. The Company shall not deposit in any of such accounts any funds other than funds belonging to the Company, and no other funds shall be commingled with such funds belonging to the Company.

7.6. Tax Matters Partner. Saint Francis shall be the "tax matters partner" for the Company to oversee and handle matters relating to the taxation of the Company. Income tax returns of the Company shall be prepared by certified public accountants as agreed upon by the members and retained at the expense of the Company.

ARTICLE 8

DISSOLUTION AND TERMINATION

8.1. Events of Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the happening of the first to occur of the following: (a) when the period fixed for the duration of the Company shall expire pursuant to Section 1.6; (b) the unanimous vote of the Members; (c) an Event of Dissociation, unless the business of the Company is continued by the written consent of the remaining Member within ninety (90) days after the Event of Dissociation; (d) entry of a decree of judicial dissolution under the Act; or (e) the termination of this Agreement by either party pursuant to the provisions of Section 12.6(c) and payment as contemplated by Section 8.3.

8.2. Articles or Certificates. Upon dissolution, the Company shall file such articles, certificates or notices as may be required by the Act or by other applicable law.

8.3. Option to Purchase. (a)(i) In the event of the dissolution of the Company, Saint Francis shall have the option, exercisable by written notice to RAH (the "**Option Notice**"), to purchase RAH's Membership Interest for a purchase price equal to the amount the Member would be entitled to receive if the Company's tangible and intangible assets were sold, at Fair Market Value, as a going concern but reflective of any effect on such Fair Market Value attributable to the fact that the Company has been dissolved and that RAH is no longer a member of the Company or otherwise associated with the services at the Centers but that such services shall continue to be rendered at the Centers, the gain or loss therefrom were allocated among the Capital Accounts of the Members, the liabilities of the Company were paid, and the net proceeds and any other cash of the Company were

distributed in accordance with Capital Account balances (after all required Capital Account adjustments for all fiscal years or other periods up to the date of determination).

(ii) In the event of the dissolution of the Company and Saint Francis does not exercise its option to purchase RAH's Membership Interest as provided in Section 8.3(a)(i), RAH shall have the option, exercisable by written notice to Saint Francis (the "**Option Notice**"), to purchase Saint Francis' Membership Interest for a purchase price equal to the amount the Member would be entitled to receive if the Company's tangible and intangible assets were sold, at Fair Market Value, as a going concern but reflective of any affect on such Fair Market Value attributable to the fact that the Company has been dissolved and that Saint Francis is no longer a member of the Company or otherwise associated with the services at the Centers but that such services shall continue to be rendered at the Centers, the gain or loss therefrom were allocated among the Capital Accounts of the Members, the liabilities of the Company were paid, and the net proceeds and any other cash of the Company were distributed in accordance with Capital Account balances (after all required Capital Account adjustments for all fiscal years or other periods up to the date of determination).

(b) In the event that the Saint Francis and RAH are not able to agree on the Fair Market Value, then each of the parties shall appoint an appraiser and advise the other party of the identity of its appraiser. The two appraisers shall be instructed to each render an appraisal of the Fair Market Value, and the Fair Market Value shall be the amount determined by the two appraisers, whose determination shall be binding and conclusive upon the Saint Francis and RAH. If the two appraisers shall not agree, and the higher appraisal is not more than one hundred ten percent (110%) of the lower appraisal, then the Fair Market Value shall be the average of the two appraisals. If the two appraisers shall not agree and the Fair Market Value is not determined pursuant to the immediately preceding sentence, then the two appraisers shall appoint a mutually agreeable third appraiser who shall be instructed to render an appraisal in the same manner, and if the two appraisers fail to do so, the selection of the third appraiser may be made by any judge of the Superior Court in and for the Hartford-New Britain Judicial District upon application of either party, in which case the Fair Market Value shall be the amount determined by the third appraiser, whose determination shall be binding and conclusive upon the Saint Francis, RAH and the Company. Saint Francis and RAH shall pay the costs of the respective appraiser appointed by each of them, and shall share equally the cost of the third appraiser if one shall be appointed. If one party shall fail to appoint an appraiser within ten (10) days of receipt of notice from the other party, then the appraisal by the party giving notice shall prevail unless such failure is cured within ten (10) days after notice of opportunity to cure.

(c) The purchase price determined pursuant to this Section 8.3 shall be paid in cash within ninety (90) days after the date of the determination of Fair Market Value, except that the purchasing Member shall pay to the selling Member, within ninety (90) days after delivery of the Option Notice and subject to adjustment after the Fair Market Value is determined pursuant to Section 8.3(b), the value of the selling Member's Economic Interests as asserted by the purchasing Member and/or the appraiser appointed by such Member.

(d) The closing for the purchase of the selling Member's Membership Interest pursuant to this Section 8.3 shall take place at a location and on a date to be determined by Saint Francis. The closing date shall be within ninety (90) days after the determination of the purchase price.

(f) The transfer of the selling Member's Membership Interest shall be effective on the date specified in the Option Notice, notwithstanding that the purchase price may not be determined or payable until some later date.

8.4. Winding Up. Upon dissolution, the business and affairs of the Company shall be wound up by the Board of Directors, which shall sell or otherwise convert all Company Assets into cash or receivables to the extent practicable or transfer the same in satisfaction of the Company's obligations, and the proceeds of such liquidation, or such assets that it is not practicable to liquidate, shall be applied and distributed in the following order of priority:

(1) To expenses of liquidation and to creditors, including Members who are creditors, to the extent permitted by law, in satisfaction of liabilities of the Company;

(2) To the setting up of any reserve deemed reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company, such reserve to be paid over to a commercial bank or an attorney-at-law, as escrow agent, to be held for the purpose of disbursing such reserves in payment of any of the aforementioned contingencies, and, at the expiration of such period as shall be deemed advisable, any balance to be distributed in the manner hereinafter provided; and

(3) To the Members in accordance with the positive balances in the Members' respective Capital Accounts, determined after taking into account all Capital Account adjustments for the Company taxable year during which such liquidation occurs, by the end of the taxable year in which such liquidation occurs or, if later, within ninety (90) days after the date of the liquidation.

8.5. Period of Dissolution. Except as otherwise required by Section 8.4(3), a reasonable time shall be allowed for the orderly liquidation of the Company Assets and the discharge of liabilities to creditors so as to enable the Company to minimize the normal losses attendant upon a liquidation.

8.6. Final Accounting; Discharge of Liabilities. Each of the Members shall be furnished with a statement constituting a final accounting.

8.7. Liability for Distributions, Capital Contributions. Each Member shall look solely to the Company Assets for all Distributions, its Capital Contribution thereto, its Capital Account and its share of Net Income or Net Losses, and shall have no recourse therefore (upon dissolution or otherwise) against any other Member. Accordingly, if any Member has a deficit balance in its Capital Account (after giving effect to all Capital Contributions, Distributions and allocations for all taxable years, including the year during which the liquidation occurs), then such Member shall have no obligation to make any Capital Contribution with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other person for any purpose whatsoever.

ARTICLE 9

INDEMNIFICATION

9.1. Indemnification. The Company shall indemnify and hold harmless each of the Members, and each of their respective officers, directors, members, employees, agents, assigns, successors-in-interest and Affiliates (collectively "Indemnified Persons") from and against any and all losses, damages, liabilities and expenses (including costs and reasonable attorneys' fees), judgments, fines, settlements and other amounts (collectively "Liabilities") reasonably incurred by any such Indemnified Person in connection with the defense or disposition of any action, suit or other proceeding, whether civil, criminal, administrative or investigative and whether threatened, pending or completed in which any such Indemnified Person may be involved or with which any such Indemnified Person may be threatened, with respect to or arising out of any act performed by the Indemnified Person or any omission or failure to act provided that the performance or the act or the omission or failure was done in good faith and within the scope of the authority conferred upon the Indemnified Person by this Agreement or by the Act, except for acts of willful misconduct, gross negligence or reckless disregard of duty, or acts which constitute a material breach of this Agreement or from which such Indemnified Person derived an improper personal benefit. The satisfaction of any indemnification and saving harmless shall be paid from Company Assets, but if the Company Assets of the Company are not sufficient to pay and satisfy such indemnification and saving harmless, the Members shall bear the cost of such indemnification and saving harmless in accordance with the Member's respective Percentage Interests.

9.2. Contract Right; Expenses. The right to indemnification conferred in this Article 9 shall be a contract right and shall include the right to require the Company to advance the expenses incurred by the Indemnified Person in defending any such Proceeding in advance of its final disposition; provided, however, that if the Act so requires, the payment of such expenses in advance of the final disposition of a Proceeding shall be made only upon receipt by the Company of an undertaking, by or on behalf of the Indemnified Person, to repay all amounts so advanced if it shall ultimately be determined that such Person is not entitled to be indemnified under this Article 9 or otherwise.

9.3. Insurance. The Company may purchase and maintain insurance on behalf of any person who is an agent of the Company against any liability asserted against that person and incurred by that person in any such capacity or arising out of that person's status as an agent, whether or not the company would have the power to indemnify that person against liability under the provisions of Section 9.1 or under applicable law.

ARTICLE 10

REGULATORY MATTERS

10.1. Compliance with Laws. The Company, Saint Francis and RAH shall comply with all Federal, state and local laws, rules and regulations applicable to the performance of the parties' respective obligations under the Transaction Agreements.

10.2. Certificates of Need. If the Board of Directors authorizes the provision of a service or a capital expenditure that requires a Certificate of Need from the Connecticut Office of Health Care Access, the Company shall make timely application for such Certificate of Need and the Company, Saint Francis and RAH shall use their best efforts and work cooperatively to obtain such Certificate of Need.

10.3. Licensing. If any activity of the Company requires licensure by the Connecticut Department of Public Health, the Company shall make timely application for such license and the Company, Saint Francis and RAH shall use their best efforts and work cooperatively to obtain such license.

10.4. Anti-Kickback Restrictions. (a) The Company, RAH and Saint Francis shall comply in all material respects with fraud and abuse, anti-kickback, self-referral and similar provisions of federal and state laws, rules and regulations prohibiting the inducement of referrals of patients for services or items reimbursable under the Medicare, Medicaid, TriCare or other federal or state governmental healthcare programs.

(b) Without limiting the generality of the foregoing, the parties agree and acknowledge that the terms, obligations and agreements set forth in the Transaction Agreements, and the arrangements pursuant to which payments are made, facilities are furnished or services are rendered hereunder and thereunder, shall be determined and paid on the basis of fair market value, and are not payment for, are not in any way contingent upon, and are not intended to induce (i) the admission or referral of any individual to any physician, office or facility employed, controlled, managed or operated by the Company, Saint Francis or RAH or any of their respective Affiliates, for the furnishing or arranging for the furnishing of items or services, including items or services for which payment may be made in whole or in part under Medicare, Medicaid, TriCare or otherwise, or (ii) the purchase, lease, order, or arrangement for, or the recommendation for the purchasing, leasing, ordering or arranging for, any good, facility, service or item, including any good, facility, service or item for which payment may be made in whole or in part under Medicare, Medicaid or otherwise.

(c) All financial and other arrangements pursuant to which Saint Francis or RAH provides services or goods to the Company and the Centers pursuant to the Transaction Agreements shall ensure that each of the Company, Saint Francis and RAH acts in compliance with the requirements of Sections 10.4(a) and (b), and in this regard, fair market value consideration shall be paid to Saint Francis, RAH and any other participants that provide services, products or facilities to or for the Company and the Centers.

(d) In order to limit the ability to control referrals to the Company and the Centers, Saint Francis shall implement the following measures: (i) Physicians employed by Saint Francis or its Affiliates shall not make referrals directly to the Centers, although they may refer patients to RAH; (ii) Saint Francis and its Affiliates shall refrain from taking any actions to require or encourage Hospital-Affiliated Physicians to refer patients to the Centers or to RAH; (iii) Saint Francis and its Affiliates shall not track referrals made by Hospital-Affiliated Physicians to the Centers or to RAH; (iv) compensation paid to Hospital-Affiliated Physicians, whether pursuant to employment or

personal services contracts, shall not be related directly or indirectly to the volume or value of referrals or other business generated by such physicians to or for the Centers or RAH, and such compensation shall be consistent with fair market value in arm's-length transactions; and (v) on an annual basis, Saint Francis shall notify all Hospital-Affiliated Physicians of the foregoing measures.

(e) The Centers shall treat Federal health care program beneficiaries in a nondiscriminatory manner.

10.5. HIPAA. The Company, Saint Francis and RAH shall comply with the standards for privacy of individually identifiable health information of the Administrative Simplification subtitle of the Health Insurance Portability and Accountability Act of 1996, and the rules and regulations promulgated thereunder, all as the same may be amended from time to time (collectively, "HIPAA").

10.6. Application to Other Transaction Agreements. The provisions of this Article 10 shall automatically be incorporated in, and applicable to, each Transaction Agreement regardless of whether such provisions are specifically included therein.

ARTICLE 11

FEDERAL INCOME TAX MATTERS

11.1. Tax-exempt Status. Saint Francis is a not-for-profit corporation that has been recognized as exempt from Federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Code and the Regulations impose certain requirements, conditions and restrictions (collectively, "**Income Tax Requirements**") on the manner in which Saint Francis may enter into business arrangements with taxable entities such as RAH without jeopardizing or adversely affecting Saint Francis' tax-exempt status, subjecting Saint Francis or "organization managers" or "disqualified persons" to penalties under the Intermediate Sanctions or otherwise, or subjecting Saint Francis' share of the Net Income to taxation as unrelated business income.

11.2. Furtherance of Exempt and Charitable Purposes and the Community Benefit Standard. Saint Francis and RAH acknowledge and agree that the arrangements between Saint Francis and RAH as provided in the Transaction Agreements are intended to further Saint Francis' tax-exempt and charitable purposes and the Community Benefit Standard by, among other things (a) improving and enhancing the availability, quality and cost-effectiveness of diagnostic imaging and related health care services in the Service Area; (b) improving patient convenience and access to diagnostic imaging and related health care services in the Service Area; and (c) maintaining health care and health education programs for the benefit of the Service Area.

11.3. Compliance with Income Tax Requirements. (a) Nothing contained in the Transaction Agreements shall require or be deemed to require the Company or Saint Francis to participate in any financial or other arrangement or otherwise act in any manner that Saint Francis

believes in its sole discretion exercised in good faith could cause Saint Francis to violate the Income Tax Requirements.

(b) All financial and other arrangements pursuant to which Saint Francis or RAH provides services or goods to the Company and the Centers pursuant to the Transaction Agreements shall ensure that the Company and Saint Francis act in furtherance of Saint Francis' tax-exempt and charitable purposes and the Community Benefit Standard and not, other than incidentally, for the benefit of RAH, and in this regard, (i) all financial and other arrangements relating to the Company and the Centers shall ensure that RAH does not derive improper financial gain; (ii) fair market value consideration shall be paid to Saint Francis, RAH and any other participants that provide services, products or facilities to or for the Company and the Centers; and (iii) the services provided by the Company shall be made available to all members of the community without regard to their ability to pay.

11.4. Application to Other Transaction Agreements. The provisions of this Article 11 shall automatically be incorporated in, and applicable to, each Transaction Agreement regardless of whether such provisions are specifically included therein.

11.5. Dispute Resolution Process. In the event of any controversy or dispute with respect to any matter arising under this Article 11, the parties agree to meet and confer in good faith to attempt to resolve the controversy or dispute without an adversary proceeding. If the controversy or dispute is not resolved to the mutual satisfaction of the parties within thirty (30) business days after notice of the controversy or dispute, the parties agree to waive their rights, if any, to a jury trial and pre-trial discovery, and to submit the controversy or dispute to arbitration in accordance with the rules and procedures of the American Health Lawyers Association, which shall be conducted in Hartford, Connecticut. The arbitrator(s) shall resolve any controversy or dispute submitted to dispute resolution pursuant to this Section 11.6 by applying the following principles: (a) the parties wish to ensure compliance with all federal and state laws, rules and regulations applicable to the parties; (b) the parties wish to avoid any significant risk that would jeopardize Saint Francis' tax-exempt status, subject Saint Francis, RAH or any "management officer" or "disqualified person" to any penalty under Intermediate Sanctions or otherwise; (c) the parties wish to ensure compliance with the Ethical and Religious Directives for Catholic Health Care Services; (d) the parties wish to enhance the quality of patient care; and (e) the parties wish to promote prudent financial management of the Company, a prudent balance between short-term and long-term financial objectives of the Company, subject to the overriding purpose of the Company to further Saint Francis' tax-exempt purposes without regard to maximization of profits. The decision of the arbitrator(s) shall be final and binding on the parties. This agreement to arbitrate shall be specifically enforceable. The Members shall share and pay for all costs and expenses associated with any arbitration in accordance with their respective Percentage Interests, except that each party shall pay its own attorneys' fees and costs.

11.6. Changes in Income Tax Requirements. The parties expect that the Internal Revenue Service will provide further authoritative guidance with respect to the Income Tax Requirements. If such guidance should allow tax-exempt organizations greater flexibility in sharing the control of joint ventures, such as the Company, with taxable entities, or allowing the taxable entity greater role in the management of the joint venture, without jeopardizing the exempt organization's tax-exempt

status, resulting in the imposition of penalties under the Intermediate Sanctions or otherwise, or subjecting income from the joint venture to taxation as unrelated business income, Saint Francis and RAH shall renegotiate in good faith the provisions of the Transaction Agreements that provide for Saint Francis' majority representation on the Board of Directors and for limited management responsibility and authority by RAH, it being the intention to provide for an arrangement that is as close to an equal partnership with shared control as is possible without involving a significant risk, as determined by Saint Francis in its sole discretion exercised in good faith based upon advice from its legal counsel and tax advisers, of jeopardizing Saint Francis' tax-exempt status, of the imposition of penalties under the Intermediate Sanctions or otherwise, or of subjecting Saint Francis' share of the Net Income to taxation as unrelated business income.

ARTICLE 12

MISCELLANEOUS PROVISIONS

12.1. Taxation as Partnership. It is the intent of the parties hereto that the Company be classified as a partnership for federal income tax purposes and for purposes of any tax imposed by the State of Connecticut or any political subdivision thereof. Any interpretation of the terms and conditions of this Agreement, any ambiguity within this Agreement, or conflict between this Agreement and the Act shall be resolved so as to maintain such classification in favor of a meaning consistent with such classification.

12.2. Dealings with Members and Related Parties. The Company may contract with a Member or an entity in which a Member has a direct or indirect interest if the contract is negotiated at arm's length and is approved by the Board of Directors and by both Saint Francis and RAH.

12.3. Notices. Any and all notices or elections permitted or required to be made as provided in this Agreement shall be in writing, signed by the Member giving such notice or making such election, and shall be hand delivered, or sent by a recognized overnight delivery service, or sent by registered or certified U.S. Mail, postage prepaid, return receipt requested, to the other Members, at the address first set forth above, or if to the Company, at its address as set forth in Section 1.3, or at such other address as may be designated from time to time by such written notice to the others.

12.4. Ethical and Religious Directives for Catholic Health Care Services. So long as Saint Francis or an Affiliate of Saint Francis is a Member, the business, operations and activities of the Centers and the Company shall be conducted in accordance with the provisions of the Ethical and Religious Directives for Catholic Health Care Services.

12.5. Severability. In the Event that any provision of this Agreement as applied to any party or to any circumstance, shall be adjudged by a court to be void, unenforceable or inoperative as a matter of law, then the same shall in no way affect any other provision in this Agreement, the application of such provision in any other circumstance or with respect to any other party, or the validity or enforceability of this Agreement as a whole.

12.6. Amendment, Termination in Certain Events. (a) For purposes of this Section 12.6, an “**Adverse Regulatory Event**” occurs if (i) any governmental or ethical law, rule or regulation is adopted or amended, or any administrative ruling that has precedential effect or judicial interpretation is issued or modified, relating to matters affecting tax-exempt organizations and their affiliates, or to the provision of services or items to beneficiaries of the Medicaid, Medicare or other governmental programs, or otherwise relating to the practice of medicine or any other matter contemplated by any Transaction Agreement, with the effect that any provision of any Transaction Agreement (x) becomes illegal, invalid or unenforceable, (y) in the sole discretion of Saint Francis exercised in good faith, jeopardizes Saint Francis’ tax-exempt status or subjects Saint Francis’ share of Net Income to taxation as unrelated business income, subjects Saint Francis or any “organization manager” (as defined in the Intermediate Sanctions) of Saint Francis to a penalty under the Intermediate Sanctions, jeopardizes Saint Francis’ compliance with fraud and abuse or anti-kickback restrictions, or otherwise jeopardizes Saint Francis’ participation in the Medicare and Medicaid programs, (z) in the sole discretion of RAH exercised in good faith, subjects RAH or any of the Radiologists to a penalty under the Intermediate Sanctions as a “disqualified person” (as defined in the Intermediate Sanctions), jeopardizes RAH’s compliance with fraud and abuse or anti-kickback restrictions, or otherwise jeopardizes RAH’s participation in the Medicare and Medicaid programs, or (ii) upon audit or investigation by the Internal Revenue Service or other governmental authority, it is asserted that this Agreement or any Transaction Agreement, or any provision thereof, has any of the effects or results specified in clauses (x), (y) or (z) above.

(b) If an Adverse Regulatory Event occurs, and if the rights or obligations or the parties under any Transaction Agreement will not be materially and adversely affected by the provisions in clauses (i) through (iv) below, and the parties will not be subjected to an onerous financial or other burden on account of the provisions in clauses (i) through (iv) below, then (i) such provision or provisions contained in the Transaction Agreements will be fully severable; (ii) the Transaction Agreements will be construed and enforced as if such provision or provisions had never comprised a part hereof or thereof; (iii) the remaining provisions of the Transaction Agreements will remain in full force and effect and will not be affected by such provision or provisions by its or their severance herefrom or therefrom; and (iv) in lieu of such provision or provisions, there will be added automatically as a part of the Transaction Agreements, as applicable, a provision or provisions as similar in terms to severed provision or provisions as may be possible that do not have any of the effects stated in clauses (x), (y) and (z) in Section 12.6(a). All decisions made under this Section 12.6 shall be made by the unanimous vote of the Members.

(c) If an Adverse Regulatory Event occurs that (i) has any of the effects stated in clauses (x), (y) or (z) in Section 12.6(a), (ii) materially and adversely affects the rights or obligations or the parties under the Transaction Agreements, or (iii) subjects one or both of the parties to an onerous financial or other burden on account thereof, then (x) the parties shall attempt to renegotiate the Transaction Agreements in a manner intended to provide the parties with the benefits contemplated by the Transaction Agreements, or (b) if reasonable efforts to renegotiate the Transaction Agreements are not successful, either party may terminate this Agreement, in which event the Company shall be dissolved as provided in Article 8.

12.7. Confidential Information. (a) The Members acknowledge that they will have access to confidential information relating to Company including business plans, financial information, patient treatment information, trade secrets, statistical data, diagrams, drawings, specifications or other proprietary information relating thereto, together with all analyses, compilations, studies or other documents, records or data prepared by the Members or their respective Representative which contain or otherwise reflect or are generated from such information ("**Confidential Information**"). The term Confidential Information" does not include information received by Members in connection with the transactions contemplated by the Transaction Agreements that (i) is or becomes generally available to the public other than as a result of a disclosure by such Member or its Representatives, (ii) was within such Member's possession prior to its being furnished to such Member in connection with the transactions contemplated by the Transaction Agreements, or (iii) becomes available to such Member on a non-confidential basis from a source other than the other Members or any of their respective Representatives.

(b) The Members shall treat all Confidential Information as confidential, preserve the confidentiality of such Confidential Information and not disclose any Confidential Information to any Person, except to their respective Representatives who need to know such Confidential Information in connection with the transactions contemplated by this Agreement or in connection with the Member's performance of duties or exercise of rights under the Transaction Agreements. The Members shall use all reasonable efforts to cause their respective Representatives to treat all Confidential Information as confidential, preserve the confidentiality of such Confidential Information and not disclose any Confidential Information. Each Member shall be responsible for any breach of this Agreement by any of their respective Representatives. If Confidential Information is disclosed, the Member responsible for such disclosure shall immediately notify the Members in writing and take all reasonable steps required to prevent further disclosure.

(c) Following the date upon which any Member no longer beneficially owns, directly or indirectly, any Membership Interests in the Company, as soon as possible after the Company's written request, such Member shall return to the Company all written Confidential Information of the Company which has been provided to such Member, and such Member shall destroy all copies of any analyses, compilations studies or other documents containing or reflecting any Confidential Information of the Company. Each Member shall, upon written request of the Company and within five (5) business days of the receipt of such request, deliver to the Company a notarized document certifying that such written Confidential Information of the Company have been returned or destroyed in accordance with this Section 12.7.

(d) If a Member or any of its respective Representatives are requested or required (by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand or other similar process) or are required by operation of law to disclose any Confidential Information, the Member requested or required to disclose such Confidential Information shall provide the Members with prompt written notice of such request or requirement, which notice shall be delivered at least forty-eight (48) hours prior to making such disclosure, so that the Members may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. If, in the absence of a protective order or other remedy or the receipt of such a waiver, the Member requested or required to disclose Confidential Information or

any of its Representatives are nonetheless, in the opinion of counsel, legally compelled to disclose Confidential Information, then the Member requested or required to disclose Confidential Information may disclose that portion of the Confidential Information which such counsel advises is legally required to be disclosed, provided that the Member requested or required to disclose Confidential Information uses its reasonable efforts to preserve the confidentiality of the Confidential Information, whereupon such disclosure shall not constitute a breach of this Agreement.

12.8. No Solicitation. Each Member covenants and agrees that, for so long as such Member owns, directly or indirectly, any Economic Interest or Membership Interest in the Company, and for a period of one (1) year after such Member shall cease to own any such Economic Interest or Membership Interest, such Member shall not, directly or indirectly, in any way solicit or induce, or attempt to solicit or induce, any present or potential employee, Officer, Representative, consultant, or other agent of the Company, to leave the Company's employ or otherwise interfere with the employment relationship between any such person and the Company. The Members acknowledge that any violation of the provisions of this Section 12.8 will cause the Company and the Members irreparable injury. Accordingly, the Company and the Members may enforce such provisions by seeking injunctive or other equitable relief in addition to any other remedies available at law.

12.9. Credit and Collection Policies. The Company's credit and collection policies shall be the same as the credit and collection policies of Saint Francis, as the same may be amended from time to time.

12.10. Charity Care Policy. The Company shall adopt the Charity Care Policy of Saint Francis, as the same may be amended from time to time.

12.11. No Waiver. The failure of any Member to insist upon strict performance of any covenant or obligation under this Agreement shall not be deemed a waiver or relinquishment of such Member's right to demand strict compliance in the future with respect to such covenant or obligation or any other covenant or obligation, and no consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under this Agreement, shall be deemed to constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation under this Agreement.

12.12. Captions; Sections. The captions contained in this Agreement have been inserted for convenience only and shall not affect or be effective to interpret, change or restrict the express terms and provisions of this Agreement. All references in this Agreement to a "Section" shall refer to a Section of this Agreement unless the context otherwise requires.

12.13. Entire Agreement. This Agreement, together with the other Transaction Agreements, constitute the entire agreement among the Members with respect to the Company and the Centers, and supersedes any and all previous agreements, written or oral, between the Members with respect to the subject matter hereof, except that nothing contained in this Agreement or any other Transaction Agreement is intended to modify, affect or supercede the Hospital Radiology Agreement except as specifically provided in the Second Amendment of even date herewith. No covenant, representation or condition not expressed in this Agreement or in any other Transaction Agreement

shall affect or be effective to interpret, change or restrict the express terms and provisions of this Agreement or in any other Transaction Agreement.

12.14. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall constitute one Agreement for all purposes, binding on all the Members, notwithstanding that all Members are not signatories to the same counterpart. All references herein to this Agreement are deemed to refer to all such counterparts.

12.15. Benefit and Burden. Except as otherwise provided in this Agreement, the covenants, conditions, agreements and terms of this Agreement shall be binding upon and inure to the benefit of the Members and their respective heirs, personal representatives, successors and permitted assigns. Whenever used, the singular shall mean the plural, the plural shall mean the singular, and the use of any gender shall mean all genders, as the context may require. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any creditors of the Company.

12.16. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

IN WITNESS WHEREOF, Saint Francis and RAH have executed this Agreement as of the day and year first above written.

**SAINT FRANCIS HOSPITAL
AND MEDICAL CENTER**

**RADIOLOGY ASSOCIATES
OF HARTFORD, P.C.**

By _____
Christopher Dadlez
Its President

By _____
Michael T. Twohig, M.D.
Its President

ATTACHMENT 4



STATE OF CONNECTICUT

OFFICE OF HEALTH CARE ACCESS

JOHN G. ROWLAND
GOVERNOR

RAYMOND J. GORMAN
COMMISSIONER

June 15, 2000

IN THE MATTER OF:

An Application Pursuant to
Sections 19a-638 & 19-a639,
C.G.S. by

**Saint Francis Hospital and
Medical Center
Bristol Hospital
Alliance Imaging, Inc.**

Notice of Final Decision
Office of Health Care Access
Docket Number 00-504


**Expansion of Magnetic Resonance Imaging
Service at Bristol Hospital and Saint Francis
Hospital and Medical Center
Establish new Magnetic Resonance Imaging
Service at the Saint Francis Hospital and
Medical Center's Enfield satellite Center and
Avon satellite Center**

To: Mr. Michael Tuccio
Regional Vice President
Alliance Imaging, Inc.
1400 Wilbur Cross Highway
Berlin, CT 06037

Dear Mr. Tuccio:

This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter, as provided by Sections 19a-638 and 19a-639 of the Connecticut General Statutes. On June 15, 2000, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

By Order of the
Office of Health Care Access



Raymond J. Gorman
Commissioner

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An Equal Opportunity Employer

410 Capitol Avenue, MS #13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308

Telephone: (860) 418-7001 Fax: (860) 418-7053

Consumer Information Help-Line: (800) 797-9688



Office of Health Care Access Certificate of Need Application

Decision

Applicant: Saint Francis Hospital and Medical Center
Bristol Hospital
Alliance Imaging, Inc.

Docket Number: 00-504

Project Title: Expansion of Magnetic Resonance Imaging Service
at Bristol Hospital and Saint Francis Hospital and
Medical Center
Establish new Magnetic Resonance Imaging Service
at the Saint Francis Hospital and Medical Center's
Enfield satellite center and Avon satellite center

Statutory Reference: Sections 19a-638 and 19a-639, Connecticut General
Statutes

Filing Date: May 4, 2000

Hearing: Waived

Decision Date: June 15, 2000

Default Date: August 2, 2000

Staff: Raymond J. O'Brien
Maryann Lewis

Project Description: Saint Francis Hospital and Medical Center, Bristol Hospital and Alliance Imaging, Inc. ("the Applicants"), propose an expansion of their mobile Magnetic Resonance Imaging ("MRI") service and the establishment of MRI services at St. Francis Hospital and Medical Center's satellite centers in Avon and Enfield. The total proposed capital expenditure is \$2,774,848.

Nature of Proceedings: On May 4, 2000, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application of Saint Francis Hospital and Medical Center, Bristol Hospital and Alliance Imaging, Inc. seeking authorization to: (1) acquire a mobile MRI unit, (2) add two days of MRI service at Saint Francis Hospital and Medical Center, and (3) add 1 day of MRI service at Bristol Hospital, (4) establish 1 day of mobile MRI service at Saint Francis Hospital and Medical Center Avon satellite center, and (5) establish 1 day of mobile MRI service at Saint Francis Hospital and Medical Center Enfield satellite center. The total proposed capital cost is \$2,774,848. St. Francis Hospital and Medical Center and Bristol Hospital are health care facilities or institutions as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

The Applicants requested a waiver of public hearing for the CON application pursuant to Section 19a-643-45 of OHCA's Regulations and claimed that the proposal was non-substantive as defined in Section 19a-643-95(3) of OHCA's Regulations. A notice to the public was published on May 15, 2000 in the *Bristol Press* and *The Hartford Courant*. OHCA received no comments concerning the Applicant's request for waiver of public hearing during the public comment period and therefore, on June 5, 2000, OHCA granted the Applicants' request for waiver of public hearing.

OHCA's authority to review and approve, modify or deny this proposal is established by Sections 19a-638 and 19a-639, C.G.S. The provisions of these sections as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

Findings of Fact

Clear Public Need

Impact on the Applicants' Current Utilization Statistics

Contribution of the Proposal to the Quality and Accessibility of Health Care Delivery in the Region

Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services

1. On June 21, 1999, the Applicants received approval to replace an existing mobile Magnetic Resonance Imaging ("MRI") Unit with a GE 1.5 short bore magnet mobile MRI unit, add a third day of MRI Service at Saint Francis Hospital and Medical Center, and add Bristol Hospital to the MRI Service. (*Applicant April 17, 2000 completeness letter, page 2 and Final Decision, Docket Number 99-514*)
2. As a result of the implementation of the proposal authorized under Docket Number 99-514, the following MRI services are provided at Saint Francis Hospital and Medical Center and Bristol Hospital ("Hospitals"): (*Final Decision, Docket Number 99-514*)

- a. Saint Francis Hospital and Medical Center – a fixed MRI unit and 3 days per week mobile service
 - b. Bristol Hospital – 4 days per week mobile service
3. Saint Francis Hospital and Medical Center operates satellite centers in Avon and Enfield. Radiology services are currently provided at these centers. *(January 7, 2000 Letter of Intent, Section Two)*
 4. The Applicants propose to expand their mobile MRI services to meet increasing needs for MRI by acquiring an additional mobile MRI unit. The application is proposing five new days of MRI service: *(Applicant April 17, 2000 completeness letter, page 2)*
 - One additional day to the existing service at Bristol Hospital,
 - Two additional days to the existing service at Saint Francis Hospital and Medical Center,
 - One day of new service at the Enfield satellite center, and
 - One day of new service at the Avon satellite center.
 5. The combined MRI service schedule for the proposed unit and the existing unit is 12 days, as follows: *(Applicant April 17, 2000 completeness letter, page 2)*
 - 5 days at Bristol Hospital
 - 2 days at Saint Francis Hospital and Medical Center Woodland Street Site
 - 3 days at Saint Francis Hospital and Medical Center Mount Sinai Campus,
 - 1 day at Saint Francis Hospital and Medical Center Avon satellite center
 - 1 day at Saint Francis Hospital and Medical Center Enfield satellite center.
 6. The radiologist administratively responsible for supervising the MRI unit at Saint Francis Hospital and Medical Center will also be responsible for supervising the MRI unit at the satellite centers in Avon and Enfield. *(CON Application, page 12)*
 7. The actual volume for all Hospital outpatient MRI services for the past three fiscal years was as follows: *(Applicant April 17, 2000 completeness letter, page 4)*

	FY 1997	FY 1998	FY 1999
St. Francis	5743	6996	7875
Bristol	1353	1691	2014

8. The current backlog for MRI services is two weeks at Saint Francis Hospital and Medical Center and one week at Bristol Hospital. *(Applicant April 17, 2000 completeness letter, page 6)*
9. The expanded MRI service of an additional day at Bristol Hospital, two additional days at Saint Francis Hospital and Medical Center, and a day at the Saint Francis satellite centers in Avon and Enfield, will enable both hospitals to continue to provide greater access for MRI services to their patients. *(CON Application, page 10)*

10. The projected incremental scan volume for Saint Francis Hospital and Medical Center for the proposed four additional days of MRI service is as follows: (*CON Application, Page 274*)

Site	FY 2001	FY 2002
Saint Francis	1,258	1,768
Avon	370	520
Enfield	483	884
Total	2,111	3,172

11. The projected incremental scan volume for Bristol Hospital for the proposed additional day of MRI service is as follows: (*Applicant April 17, 2000 completeness letter, page 14*)

FY 2001	FY 2002
728	785

12. The proposed MRI unit is a high field GE 1.5 short bore magnet that reduces exam time up to 50% compared to low field magnets and has an open design that is attractive for claustrophobic patients. (*January 7, 2000 Letter of Intent, Section Four, Question 2*)
13. The proposed MRI unit is the same model as the mobile MRI unit currently in service. (*Applicant April 17, 2000 completeness letter, page 2*)

**Financial Feasibility of the Proposal and its Impact on the Applicants'
Rates and Financial Condition**

14. The proposal has a total capital expenditure of \$2,774,848, which consists of the following: (*CON Application, page 14*)

Description	Amount
Fixed Equipment (Purchased by Alliance)	\$2,015,000
Moveable Equipment (Purchased by Alliance)	324,036
Construction & Renovation (St. Francis satellite centers)	435,812
Total Capital Expenditure	\$2,774,848

15. No construction will occur at Bristol Hospital. (*CON Application, page 14*)
16. Both Bristol Hospital and Saint Francis Hospital and Medical Center have signed MRI services agreements with Alliance to lease the service. (*Applicant submissions to OHCA on May 4, 2000 and May 2, 2000, respectively.*)

17. Saint Francis Hospital and Medical Center is projecting an incremental gain from operations of \$631,667, for FY 2001, the first full year of this project's operation. *(CON Application, Page 272)*
18. Bristol Hospital projects an incremental gain from operation of \$219,419 for FY 2001, the first full year of operation. This will reduce the loss from operations at the facility from \$970,974 to \$751,555. *(CON Application, Pages 278 and 279)*

Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

The following findings are made based upon other principles and guidelines set forth in Section 19a-637, C.G.S.:

19. There is no State Health Plan in existence at this time.
20. The Applicants have adduced evidence that this proposal is consistent with the Applicants' long range plan. *(CON Application, Page 9)*
21. This proposal will improve productivity and contain costs through participation in group purchasing programs. *(CON Application, Page 9)*
22. This proposal will not result in changes to the Hospitals' teaching and research responsibilities. *(CON Application, Page 12)*
29. There are no distinguishing characteristics of the Hospitals' patient/physician mix. *(CON Application, Page 13)*
30. The Applicants have sufficient technical and managerial competence to provide efficient and adequate service to the public. *(CON Application, Pages 27 - 32)*
31. The Applicants' rates are sufficient to cover the proposed capital expenditure and operating costs. *(CON Application, Pages 272 and 279)*

Rationale

Bristol Hospital and Saint Francis Hospital and Medical Center currently have an existing MRI service agreement with Alliance Imaging that provides 4 days of service at Bristol Hospital and 3 days of service at Saint Francis Hospital and Medical Center. The Applicants are proposing 3 days of additional MRI service at these sites and 2 new days of service at the Saint Francis Hospital and Medical Center's Avon and Enfield satellite centers. The need for the proposal is based on the current MRI utilization and accessibility.

The outpatient MRI volume has increased steadily over the last three years at Bristol Hospital and Saint Francis Hospital and Medical Center. Saint Francis currently has a two-week backlog and Bristol Hospital is experiencing a one-week backlog. The additional day of service at Bristol Hospital and the additional two days of MRI service at Saint Francis Hospital and Medical Center will alleviate the scheduling backlog and improve accessibility. The Applicants' existing MRI patient population will receive MRI services in a more timely and efficient manner.

The addition of a mobile MRI service in the towns of Enfield and Avon will enable patients living in those towns to access MRI examinations without having to travel to Hartford. These two satellite centers already provide radiology services and will be enhanced by mobile MRI services at both sites.

This new service will provide access to a GE 1.5 short bore magnet unit that will provide enhanced image quality through the highest field strength. This unit is open on both ends and is more comfortable for claustrophobic patients.

Finally, the proposal is financially feasible. Alliance Imaging, Inc will purchase the proposed mobile MRI unit. Saint Francis Hospital and Medical Center and Bristol Hospital will lease the service from Alliance Imaging, Inc. through an equipment leasing agreement. Both Hospitals project a gain of operations for the first full year of operation of the mobile MRI unit, which appear to be both reasonable and achievable.

Based on the foregoing Findings of Fact and Rationale, the Certificate of Need request of Saint Francis Hospital and Medical Center, Bristol Hospital and Alliance Imaging, Inc. to: (1) acquire a mobile MRI unit, (2) add two days of MRI service at Saint Francis Hospital and Medical Center, and (3) add 1 day of MRI service at Bristol Hospital, and (4) establish 1 day of mobile MRI service at Saint Francis Hospital and Medical Center Avon satellite center; and (5) establish 1 day of mobile MRI service at Saint Francis Hospital and Medical Center Enfield satellite center, is hereby GRANTED.

ORDER

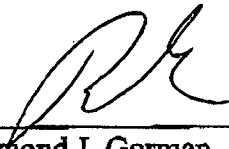
Saint Francis Hospital and Medical Center, Bristol Hospital and Alliance Imaging, Inc. ("Applicants") are hereby authorized to: (1) acquire a mobile MRI unit, (2) add two days of MRI service at Saint Francis Hospital and Medical Center, and (3) add 1 day of MRI service at Bristol Hospital, (4) establish 1 day of mobile MRI service at Saint Francis Hospital and Medical Center Avon satellite center; and (5) establish 1 day of mobile MRI service at Saint Francis Hospital and Medical Center Enfield satellite center at a total capital expenditure of \$2,774,848, subject to the following conditions:

1. This authorization shall expire on June 15, 2001, unless the Applicants present evidence to OHCA that the proposal has been implemented by that date.
2. The Applicants shall not exceed the approved total capital expenditure of \$2,774,848. In the event that the Applicants learn of potential cost increases or expect that final project costs will exceed those approved, the Applicants shall file with OHCA a request for approval of the revised CON project budget.
3. The future operating schedule between the Hospitals and Alliance Imaging, Inc. shall be established based upon joint operating needs and shall be at their discretion.
4. The Hospitals are required to file utilization statistics for the MRI service for each Hospital and satellite center on a semi-annual calendar basis (e.g., January and July). Each semi-annual filing shall be submitted to OHCA by no later than one month following the end of each reporting period. The initial report shall list the date on which the mobile MRI unit commenced operation. The semi-annual reports shall include the following:
 - Total number of scans scheduled for the MRI service by site;
 - Total number of scans performed by the MRI service by site;
 - Number of scans by patient town of origin and zip code;
 - Hours and days of operation for each week and in total included in the reporting period;
 - Number of medical cancellations;
 - Number of positive vs. negative findings; and
 - Average patient waiting time from the scheduling of the scan to the performance of the scan.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Office of Health Care Access

6/15/00
Date


Raymond J. Gorman
Commissioner

RJG/ml
Decision/00504

ATTACHMENT 5

Imaging Equipment Asset List

9 Cranbrook, Enfield

Prof. Equipment - repair/reinstall Fuji Processor	\$	5,000
Prof. Equipment - Multi-imager camera/integrating Printer w U/S	\$	3,000
Sonosite Handheld U/S System (2002)	\$	30,000
Telerad Equipment - Howtek Digitizer	\$	17,000
S & W Bennett Med 6 Pkg HFQ 300P, Tube, Table (1996)	\$	17,000
GE Sonographer 600T (Mammographer) (1991)	\$	22,000
Total	\$	94,000

580 Cottage Grove Rd. Bloomfield

NovaMed Telerad Hwtek Digitizer	\$	17,000
GE U/S H45Logiq & VCR-U/S Sony- Color Video Printer (1996)	\$	23,500
SI Flouro Room Equipment		
SI Sinegraph Remote- Siemens		
SI Mammographer (1989)		
SI Radiographic Equipment		
SI Kodak M35 Mammo Processor		
SI Floor Table		
Total	\$	40,500

31 Sycamore Street, Glastonbury

GE Med- Bone Density Equipment	\$	23,000
Nova Med Telerad Hwtek Digitizer	\$	17,000
Prof. Equip- Refurb M35A Processor	\$	5,100
Mammographer GE600T (inc. Bennett General Room)	\$	28,000
Total	\$	73,100

Avon

Prof. Eq- Multiviewer (P2M0202)	\$	20,500
NovaMed-Telerad RSVS Video Capture (2001)	\$	11,100
Prof. Eq- Refurb Fuji Laser Processor for CT and U/S	\$	6,800
Prof. Eq.- CT Injector (0490-1498)	\$	2,600
Prof Eq- Radiographic X-Ray Equip.& Generator- Bennett (1998)	\$	19,000
Norland- Bone Density Unit (1999)	\$	10,000
ATL Ultrasound (1987)	\$	32,000
Prof Eq- U/S PC Board replacement	\$	4,100
GE Mammographer (1993) w/ Generator (1999)	\$	35,000
Total	\$	141,100

Grand Total \$ 348,700

file:g:excel: RAH asset list

ATTACHMENT 6

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (the "Agreement"), made as of _____, 2004, by and between CAPITOL IMAGING ASSOCIATES, LLC, a Connecticut limited liability company (the "Company"), and RADIOLOGY ASSOCIATES OF HARTFORD, P.C., a Connecticut professional corporation ("RAH").

WITNESSETH:

WHEREAS, the Company owns and operates diagnostic imaging centers (the "Centers") in the Towns of Avon, Bloomfield, Enfield and Glastonbury, Connecticut; and

WHEREAS, the Company desires to obtain the assistance of RAH with respect to certain non-medical management functions and other non-medical business aspects of the Centers, and RAH desires to provide such services, all on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereby agree as follows.

ARTICLE 1

SERVICES TO BE PROVIDED BY RAH

1.1 Engagement of RAH by the Company. The Company hereby engages RAH to provide administrative and management services to the Company as set forth herein, and RAH hereby accepts such appointment.

1.2. General.

(a) RAH shall:

(i) Provide generally for the day-to-day management and administration of the Centers and the Company. All required professional and non-professional staffing for the Centers and the Company shall be employees or independent contractors of the Company, except that professional services of radiologists will be provided by RAH pursuant to the provisions of the Professional Services Agreement, of even date herewith, by and between the Company and RAH. It is understood that the Company will not employ any management or supervisory personnel, other than a chief technologist at each of the Centers, and all such management or supervisory services required for the management and administration of the Centers and the Company shall be provided by RAH with its own employees or independent contractors at RAH's expense.

- (ii) Perform its obligations hereunder in a manner appropriate to meet the requirements of the Company's operations in accordance with good management practices. In general, RAH, on behalf of the Company, shall employ or contract for and furnish the services of such professional (non-medical), technical, administrative, clerical, and other personnel as is reasonably appropriate for the proper performance of its responsibilities hereunder with a view toward the effective and efficient administration of the Centers and the Company. RAH shall determine all fixed and variable compensation, employee and other benefits, insurance, payroll taxes and any other expenses of such personnel.
- (iii) Provide the services contracted for hereunder in a manner that is consistent with good business practices.
- (iv) Comply with, and cause the Company and the Centers to comply with, all applicable Federal, state and local laws, rules and regulations.
- (v) Comply with, and cause the Company and the Centers to comply with, the standards of accrediting agencies, and the Ethical and Religious Directives for Catholic Health Care Services.

(b) All policy and other major decisions affecting the Company and the Centers are reserved to, and shall be made in the sole discretion of, the Board of Directors of the Company. Without limiting the generality of the foregoing, the Board of Directors shall have the sole authority in its discretion with respect to (i) approval of the Company's annual capital and operating budgets; (ii) acquisition or disposition of imaging centers facilities; (iii) unbudgeted contracts or expenditures in excess of Fifty Thousand Dollars (\$50,000.00); and (iv) material changes to the types of services offered by the Center; and RAH shall not take any action with respect to any of such matters without the prior approval of the Company's Board of Directors.

1.3. Billing and Collection.

(a) RAH, using its own employees and not employees or agents of the Company, shall provide all billing and collection services for all services rendered by the Company. RAH shall use its best efforts to collect on account of the Company, in a timely and efficient manner, all fees and other charges and reimbursements resulting from or relating to the operation of the Centers.

(b) RAH shall manage and oversee accounts receivable and other claims of the Company for collection, contest or settle and compromise such accounts and claims on behalf of the Company, and with the prior consent of the Board of Directors of the Company, manage and oversee all legal action on behalf of the Company for the recovery of such accounts or claims. RAH shall develop, for approval by the Board of Directors of the Company, the Company's charity care, credit, and collection policies that shall be the same as the corresponding policies of Saint Francis Hospital and Medical Center ("**Saint Francis**").

(c) RAH shall at all times maintain an adequate staff of appropriate trained administrative personnel to perform its billing and collections obligations hereunder. RAH shall use its best efforts to maintain or improve upon recognized measures of performance such as net collection rate, accounts receivable ageing, days in accounts receivable, employee turnover, and timely submission of monthly reporting data, and other such objective performance data, consistent with industry standards.

1.4. Management Information Systems. RAH shall manage and oversee the Company's computer-based management information systems and ensure that the same are appropriate for the effective and efficient operation of the business and affairs of the Centers and the Company, and are consistent with the overall operations of the Company. Such systems shall include, at a minimum, billing and collection, scheduling, and financial modules. RAH shall manage and oversee adequate training and technical support and shall be responsible for ensuring that the systems operate in accordance with vendor specifications.

1.5. Managed Care Contracting; Relations with Third Parties.

(a) RAH shall manage and oversee the Company's negotiations of all contracts between the Company and third parties. RAH shall also review, evaluate and negotiate managed care and other reimbursement contracts with health care service plans, hospital service plans, health maintenance organizations, preferred provider organizations, employers, health alliances, governmental bodies and other purchasers or financiers of medical services as are reasonably appropriate for the effective and efficient operation of the Company and the Centers.

(b) All such contracts shall be held by and in the name of the Company. RAH shall be responsible for administering all such contracts on behalf of the Company.

(c) RAH shall have the authority to execute managed care and other reimbursement contracts on behalf of the Company provided that RAH shall have obtained the approval of the Chief Executive Officer of Saint Francis for each such contract.

(d) With the prior approval of the Members, RAH shall retain auditors and attorneys on behalf and at the expense of the Company as are reasonably appropriate for the effective and efficient management and operation of the Company and the Centers.

1.6. Records; Accounting.

(a) RAH shall manage and oversee all bookkeeping, accounting and record-keeping services as are appropriate for the effective and efficient operation of the business and affairs of the Company and the Centers or otherwise required by law, including the preparation, maintenance, custody and supervision of business records, papers, documents, ledgers, journals and reports relating to the business aspects of the Company and the Centers. RAH shall preserve the confidentiality of individual patients and their medical records. The management of all files and records shall comply with applicable state and federal statutes, including but not limited to statutes relating to privacy.

(b) RAH shall provide administrative assistance to the Company in establishing, administering and implementing appropriate accounting procedures, controls, forms and systems for the Company, and shall cooperate with the Company's independent accountants in the preparation of any audited financial statements and tax returns. RAH shall cause to be provided the data necessary for preparation of the Company's annual income tax returns, but the Company shall be responsible for the selection and cost of outside accountants retained to prepare such annual income tax returns. If the Company's tax returns are audited by the Internal Revenue Service, RAH shall cooperate with and provide information to the Company for such audit, but RAH shall have no responsibility for the payment of any federal, state or local income or other taxes for the Company except to the extent that interest or penalties were incurred as a result of any gross negligence or intentional misconduct on the part of RAH.

1.7. Facilities Support and Other Services.

(a) RAH shall provide administrative assistance to the Company in securing such medical offices, examination rooms, storage facilities and other premises as are reasonably appropriate for the effective and efficient operation of the Company and the Centers, including the premises that will be occupied by the Company. RAH shall provide administrative assistance to the Company in maintaining the Centers in good order and repair.

(b) RAH shall provide administrative assistance to the Company in securing all utilities, building services and supplies appropriate for the effective and efficient operation of the Company and the Centers, including heat, power, light, water, sewage, air conditioning, refrigeration, sterilization, telephone, fax, janitorial and maintenance services, laundry services, hazardous and other waste disposal, linen, uniforms, stationery, forms, telephone answering services, reception, secretarial services, paging devices, postage, duplication services and office supplies (collectively, the "**Utilities**"). The Company shall be billed directly for all such Utilities.

(c) RAH shall provide administrative assistance to the Company in securing such medical and other equipment, furniture, furnishings and such other personal property including computer hardware and software as is reasonably appropriate for the effective and efficient operation of the Centers (the "**Equipment**"). RAH shall provide administrative assistance to the Company in maintaining the Equipment in good order and repair, reasonable wear and tear excepted.

(d) RAH shall provide administrative assistance to the Company in securing such medical, clerical and other supplies as is reasonably appropriate for the effective and efficient operation of the Company and the Centers.

1.8. Personnel.

(a) RAH shall be responsible for the hiring, training, retention, evaluation and termination of all non-physician employees and independent contractors of the Company. RAH shall be responsible for ensuring that the Company is in compliance with applicable labor laws,

that employee files are maintained in a proper manner, and that employee performance evaluations are conducted timely.

(b) RAH shall provide all of its services hereunder with its own personnel, and it is understood that all non-technical supervisory, management, and billing personnel required for the operations of the Company and the Centers shall be employees of RAH and paid by RAH at RAH's own cost and expense. It is understood that all other personnel at the Centers (other than radiologists) shall be employees of the Company.

1.9. Insurance. RAH shall manage and oversee the Company's obtaining the insurance to be maintained pursuant to Section 4.1. The Company shall pay all insurance premiums directly.

1.10. Quality Assurance. RAH shall manage and oversee the Company's establishment of a quality assurance program and, in general, in fulfilling the Company's obligations to its patients to provide quality medical and professional services.

1.11. Financial and Management Reports; Budgets; Business Plan. RAH shall manage and oversee the preparation of, and furnish to the Board of Directors of the Company, the following:

(a) annual balance sheets, income statements and statements of cash flow for the Company, prepared in accordance with generally accepted accounting procedures, and reviewed by independent certified public accountants selected by the Company;

(b) monthly balance sheets, income statements and statements of cash flow for the Company, prepared in accordance with the accounting principles used in the preparation of its annual financial statements;

(c) prior to the beginning of each year, a budget in reasonably appropriate detail of projected revenues, capital and other expenses, cash flow, and income of the Company for such year, and other reasonably appropriate matters for such year;

(d) after the end of each month, a comparison of the actual results for such month with the projected results for such month, and for the fiscal year to date, forecast in the budget;

(e) if requested by the Board of Directors of the Company, a business plan for the Company, and revisions or supplements to such business plan, satisfactory to the Board of Directors; and

(f) any additional financial and management reports and information that may be reasonably requested by the Board of Directors of the Company to assist in the evaluation of the productivity and services of the Company or its actual or proposed operations.

1.12. Compensation; Benefits.

(a) RAH shall develop and administer, in accordance with the internal agreements and policies of the Company, the payment or provision of (i) all compensation and other amounts payable to all persons employed by the Company, (ii) all benefits to which such employees or members are entitled, and (iii) all payroll taxes. RAH shall arrange for the payment of such amounts directly by the Company from funds belonging to the Company, and RAH shall have no obligation to make such payments from RAH's own funds.

(b) RAH shall develop and administer such benefit plans, including without limitation, a qualified retirement plan, health, life, and accident and disability insurance, and other benefit plans for any of the Company's employees as RAH deems appropriate, and shall provide administrative support for such programs. RAH shall arrange for the payment of such benefits directly by the Company from funds belonging to the Company, and RAH shall have no obligation to make such payments from RAH's own funds.

ARTICLE 2

MANAGEMENT FEES; BILLING FEES

2.1. Management Fee.

(a) In consideration of the services (other than billing services as provided in Section 1.3) to be provided by RAH to the Company pursuant to this Agreement, the Company agrees to pay RAH an annual Management Fee equal to **management fee** for the first year of the term of this Agreement. The Management Fee for and during the second and third years of the term of this Agreement shall be adjusted according to the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items, 1967 = 100, compiled by the Bureau of Labor Statistics, United States Department of Labor ("CPI") on the first day of each such year as compared with the CPI on the first day of the preceding year of the term of this Agreement (if the CPI is superseded, the CPI referred to in this Section 2.1(a) shall be the one represented by the Bureau of Labor Statistics as reflecting the most accurately changes in the purchasing power of the dollar for consumers). The annual Management Fee shall be paid in equal quarterly installments in advance commencing on the Commencement Date (as defined in Section 5.1).

(b) The annual Management Fee for and during all periods subsequent to the initial three years of the term of this Agreement shall be such amount as shall be agreed upon by the parties as representing the fair market value of the services to be provided by RAH hereunder. If the parties are not able to agree upon the Management Fee for any period, then the Board of Directors of the Company and RAH shall each appoint an independent consultant experienced in healthcare matters and advise the other party of the identity of its consultant. The two consultants shall be instructed to each render an opinion of the fair market value of such services in arm's-length transactions, determined in a manner that does not take into account the volume or value

of any referrals or business otherwise generated between the parties for which payment may be made in whole or in part under Medicare or a state health care program, and the consultants shall take into consideration the parties' understanding and agreement that the annual Management Fee specified in Section 2.1(a) represents fair market value at the time of the execution and delivery of this Agreement. The fair market value of the services to be provided by RAH hereunder for the succeeding three-year period shall be the amount determined by the two consultants, whose determination shall be binding and conclusive upon the Company and RAH. If the two consultants shall not agree, and the larger opinion of fair market value is not more than one hundred ten percent (110%) of the smaller opinion, then the Management Fee for the applicable period shall be the average of the two opinions. If the two consultants shall not agree and the fair market value of the services to be provided by RAH hereunder for the applicable period is not determined pursuant to the immediately preceding sentence, then the two consultants shall appoint a mutually agreeable third consultant who shall be instructed to render an opinion in the same manner, and if the two consultants fail to do so, the selection of the third consultant may be made by any judge of the Superior Court in and for the Hartford-New Britain Judicial District upon application of either party, in which case the Management Fee for the applicable period shall be the amount determined by the third consultant as the fair market value thereof, whose determination shall be binding and conclusive upon the Company and RAH. Each of the Company and RAH shall pay the costs of the respective consultant appointed by each of them, and shall share equally the cost of the third consultant if one shall be appointed.

2.2. Billing Fee.

(a) In consideration of the billing services to be provided by RAH to the Company pursuant to Section 1.3 of this Agreement, the Company agrees to pay RAH a Billing Fee equal to % of the cash receipts received by the Company for the provision of imaging services. The Billing Fee shall be paid monthly within fifteen (15) days after the end of each month, and shall be determined on the basis of the actual cash receipts received by the Company during the preceding calendar month.

(b) If, at any time after the initial three years of the term of this Agreement, either party believes that the Billing Fee specified in Section 2.2(a) no longer represents fair market value of the billing services to be provided by RAH pursuant to Section 1.3 of this Agreement, then the Board of Directors of the Company and RAH shall each appoint an independent consultant experienced in healthcare matters and advise the other party of the identity of its consultant. The two consultants shall be instructed to each render an opinion of the fair market value of such services in arms-length transactions, determined in a manner that does not take into account the volume or value of any referrals or business otherwise generated between the parties for which payment may be made in whole or in part under Medicare or a state health care program, and the consultants shall take into consideration the parties' understanding and agreement that the annual Billing Fee specified in Section 2.2(a) represents fair market value at the time of the execution and delivery of this Agreement. The fair market value of the services to be provided by RAH hereunder for the succeeding three-year period shall be the amount determined by the two consultants, whose determination shall be binding and conclusive upon the Company and RAH. If the two consultants shall not agree, and the larger opinion of fair market value is not more than

one hundred ten percent (110%) of the smaller opinion, then the Billing Fee for the applicable period shall be the average of the two opinions. If the two consultants shall not agree and the fair market value of the services to be provided by RAH hereunder for the applicable period is not determined pursuant to the immediately preceding sentence, then the two consultants shall appoint a mutually agreeable third consultant who shall be instructed to render an opinion in the same manner, and if the two consultants fail to do so, the selection of the third consultant may be made by any judge of the Superior Court in and for the Hartford-New Britain Judicial District upon application of either party, in which case the Billing Fee for the applicable period shall be the amount determined by the third consultant as the fair market value thereof, whose determination shall be binding and conclusive upon the Company and RAH. Each of the Company and RAH shall pay the costs of the respective consultant appointed by each of them, and shall share equally the cost of the third consultant if one shall be appointed.

2.3. Sales Tax. The Company shall be responsible for the payment of any sales tax that may be due under Connecticut law with respect to the Management Fee and the Billing Fee. RAH shall collect such tax and remit the same to the Connecticut Department of Revenue Services as required by applicable laws and regulations. RAH shall cooperate with the Company with a view toward reducing the Company's sales tax obligation consistent with applicable laws and regulations. Such cooperation shall be in the nature of allocating the Management Fee and the Billing Fee in a reasonable manner among those services that are classified as not subject to sales tax and those services that are classified as "Core Management Services" or other taxable services.

ARTICLE 3

RECORDS

3.1. Access to Information. At all reasonable times during the term of this Agreement and thereafter, the Company shall permit RAH, and RAH shall permit the Company, to have reasonable access to, and the opportunity to make copies of, all documents, books and records relating to this Agreement.

3.2. Confidentiality of Information. RAH and the Company shall jointly adopt procedures to ensure the confidentiality of all documents, books, records and other information in the possession of RAH or the Company relating to this Agreement, except as otherwise required by law.

3.3. Ownership of Records. Each party shall retain ownership of its respective books and records.

3.4. Maintenance of Records. Except as may be otherwise determined jointly by RAH and the Company, RAH and the Company shall safeguard all documents, books and records relating to this Agreement for a period of not less than seven years from the date of the last activity recorded in such documents, books and records and, prior to destruction of any such documents, books or records, shall give the other party notice of such intended destruction and, if

the other party so elects and the law so permits, shall deliver such documents, books or records to the other party in lieu of destroying them.

ARTICLE 4

INSURANCE

4.1. Insurance to be Maintained by the Company. During the term of this Agreement, the Company shall maintain comprehensive general liability insurance, professional liability insurance covering the acts and omissions of the Company and its employees, but not covering the acts or omissions of RAH or its radiologists or other employees, and property insurance covering its assets in amounts customary for imaging services in similar geographical areas and engaged in similar medical practices. RAH shall be responsible for obtaining such insurance on behalf of the Company.

4.2. Insurance to be Maintained by RAH. During the term of this Agreement, RAH shall maintain comprehensive general liability insurance and property insurance covering its assets in amounts customary in similar geographical areas and engaged in providing services to similar medical practices. RAH shall also maintain appropriate errors and omissions insurance with respect to billing practices, and fidelity insurance with respect to all persons with access to funds belonging to the Company.

ARTICLE 5

TERM OF AGREEMENT; TERMINATION

5.1. Term and Termination. This Agreement shall commence on the first day of the calendar month following the month in which this Agreement shall have been executed and delivered by both parties (the "Commencement Date") and shall continue so long as (a) the Company shall continue in existence, and (b) RAH shall continue to be a Member of the Company. This Agreement shall terminate on the earliest of (i) such time as the Company dissolves, (ii) RAH ceases to be a member of the Company, (iii) the Company terminates this Agreement pursuant to the provisions of Section 6.5(a) of this Agreement, or (iv) either the Company or RAH terminates this Agreement pursuant to the provisions of Section 6.7 of this Agreement.

5.2. Cooperation upon Termination. Upon the termination of this Agreement, RAH shall cooperate in an orderly transition of the business and operations of the Company and the Centers.

ARTICLE 6

MISCELLANEOUS

6.1. Status of the Parties. It is expressly understood and agreed that RAH shall perform

the work, duties and obligations under this Agreement as an independent contractor and that, notwithstanding any other provision of this Agreement the activities contemplated hereby are not intended to create a partnership or co-venture between the parties.

6.2. Assignment. Neither party may assign any of its rights under this Agreement, nor may RAH delegate any of its duties under this Agreement, without the prior written consent of the other party.

6.3. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and, subject to the limitation of Section 6.2, assigns.

6.4. Severability. Any provision of this Agreement that shall be found by a court of competent jurisdiction to be illegal or unenforceable, shall be null and void for all purposes as a result thereof and shall have no binding effect on either of the parties hereto, but all other provisions of this Agreement which are not affected by such invalid provision(s) shall continue in full force and effect. Notwithstanding, the parties shall thereupon negotiate in good faith in order to resolve any inequities that may have arisen as a result of the deletion of such provision(s).

6.5. Charitable Purposes and Community Benefit. (a) RAH shall perform its duties, responsibilities and authority pursuant to the provisions of this Agreement so that the Company will be operated in a manner that furthers Saint Francis' tax-exempt and charitable purposes and community benefits standard generally required of hospitals under Section 501(c)(3) of the Internal Revenue Code by promoting health for a broad cross-section of the community, and RAH shall perform its duties, responsibilities and authority hereunder in a manner that furthers such community benefit standard and overrides any goals or duty RAH may have to perform its duties, responsibilities and authority hereunder for the financial benefit of the Company's members. The Board of Directors of the Company shall have the right to terminate this Agreement if the Board of Directors determines that RAH has failed to provide its duties, responsibilities and authority hereunder in accordance with such standards, and the continuation of such failure for a period of ninety (90) days after notice thereof from the Company, provided that if such failure cannot, with RAH's best efforts and diligence, be cured within such 90-day period, then such 90-day period shall be extended for such longer period as shall be reasonable in the circumstances so long as RAH continues to use its best efforts and diligence to cure such default, and in the event of a dispute relating to such termination, RAH shall have the right to submit the dispute for resolution pursuant to Section 6.5(b).

(b) In the event of any controversy or dispute with respect to any matter arising under Section 6.5(a), the parties agree to meet and confer in good faith to attempt to resolve the controversy or dispute without an adversary proceeding. If the controversy or dispute is not resolved to the mutual satisfaction of the parties within thirty (30) business days after notice of the controversy or dispute, the parties agree to waive their rights, if any, to a jury trial and pre-trial discovery, and to submit the controversy or dispute to arbitration in accordance with the rules and procedures of the American Health Lawyers Association, which shall be conducted in Hartford, Connecticut. The arbitrator(s) shall resolve any controversy or dispute submitted to

dispute resolution pursuant to this Section 6.5(b) by applying the following principles: (a) the parties wish to ensure compliance with all federal and state laws, rules and regulations applicable to the parties; (b) the parties wish to avoid any significant risk that would jeopardize Saint Francis' tax-exempt status, subject Saint Francis, RAH or any "management officer" or "disqualified person" to any penalty under Intermediate Sanctions (as defined in Section 6.8 of this Agreement) or otherwise; (c) the parties wish to ensure compliance with the Ethical and Religious Directives for Catholic Health Care Services; (d) the parties wish to enhance the quality of patient care; and (e) the parties wish to promote prudent financial management of the Company, and a prudent balance between short-term and long-term financial objectives of the Company, subject to the overriding purpose of the Company to further Saint Francis' tax-exempt purposes without regard to maximization of profits. The decision of the arbitrator(s) shall be final and binding on the parties. This agreement to arbitrate shall be specifically enforceable. The parties shall each pay for their respective fees, costs and expenses associated with any arbitration.

6.6. Anti-Kickback Restrictions.

(a) The Company and RAH shall comply in all material respects with fraud and abuse, anti-kickback, self-referral and similar provisions of federal and state laws, rules and regulations prohibiting the inducement of referrals of patients for services or items reimbursable under the Medicare, Medicaid, TriCare or other federal or state governmental healthcare programs.

(b) Without limiting the generality of the foregoing, the parties agree and acknowledge that the terms, obligations and agreements set forth in this Agreement, and the arrangements pursuant to which payments are made or services are rendered hereunder, shall be determined and paid on the basis of fair market value, and are not payment for, are not in any way contingent upon, and are not intended to induce (i) the admission or referral of any individual to any physician, office or facility employed, controlled, managed or operated by the Company, Saint Francis or RAH or any of their respective affiliates, for the furnishing or arranging for the furnishing of items or services, including items or services for which payment may be made in whole or in part under Medicare, Medicaid, TriCare or otherwise, or (ii) the purchase, lease, order, or arrangement for, or the recommendation for the purchasing, leasing, ordering or arranging for, any good, facility, service or item, including any good, facility, service or item for which payment may be made in whole or in part under Medicare, Medicaid or otherwise.

6.7. Furtherance of Exempt and Charitable Purposes.

(a) Saint Francis is a not-for-profit corporation that has been recognized as exempt from Federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Code and the Regulations impose certain requirements, conditions and restrictions (collectively, "**Income Tax Requirements**") on the manner in which Saint Francis may enter into business arrangements with taxable entities such as RAH without jeopardizing or adversely affecting Saint Francis' tax-exempt status, subjecting Saint Francis or "organization managers" or "disqualified persons" as defined in the Intermediate Sanctions or subjecting Saint Francis' share of the Company's net income to taxation as unrelated business

income.

(b) RAH acknowledges and agrees that the arrangements between the Company and RAH as provided in this Agreement are intended to further Saint Francis' tax-exempt and charitable purposes by, among other things (i) improving and enhancing the availability, quality and cost-effectiveness of diagnostic imaging and related health care services in the greater Hartford, Connecticut community and surrounding municipalities (the "**Service Area**"); (ii) improving patient convenience and access to diagnostic imaging and related health care services in the Service Area; and (iii) maintaining health care and health education programs for the benefit of the Service Area.

(c) Nothing contained in this Agreement shall require or be deemed to require the Company or Saint Francis to participate in any financial or other arrangement or otherwise act in any manner that Saint Francis believes in its sole discretion exercised in good faith could cause Saint Francis to violate the Income Tax Requirements.

(d) All financial and other arrangements pursuant to which RAH provides services or goods to the Company and the Centers pursuant to this Agreement or otherwise shall ensure that the Company acts in furtherance of Saint Francis' tax-exempt and charitable purposes and not, other than incidentally, for the benefit of RAH, and in this regard, (i) all financial and other arrangements relating to the Company and the Centers shall ensure that RAH does not derive improper financial gain; (ii) fair market value consideration shall be paid to RAH and any other participants that provide services, products or facilities to or for the Company and the Centers; and (iii) the services provided by the Company shall be made available to all members of the community without regard to their ability to pay.

6.8. Adverse Regulatory Events.

(a) For purposes of this Section 6.8, an "**Adverse Regulatory Event**" occurs if (i) any governmental or ethical law, rule or regulation is adopted or amended, or any administrative ruling that has precedential effect or judicial interpretation is issued or modified, relating to matters affecting tax-exempt organizations and their affiliates, or to the provision of services or items to beneficiaries of the Medicaid, Medicare or other governmental programs, or otherwise relating to the practice of medicine or any other matter contemplated by this Agreement, with the effect that any provision of this Agreement (x) becomes illegal, invalid or unenforceable, (y) in the sole discretion of Saint Francis exercised in good faith, jeopardizes Saint Francis' tax-exempt status or subjects Saint Francis' share of net income of the Company to taxation as unrelated business income, subjects Saint Francis or any "organization manager" (as defined in Section 4958 of the Internal Revenue Code and any regulations promulgated thereunder, as amended from time to time, or any corresponding provisions of any succeeding law or regulation (the "**Intermediate Sanctions**")) of Saint Francis to a penalty under the Intermediate Sanctions, jeopardizes Saint Francis' compliance with fraud and abuse or anti-kickback restrictions, or otherwise jeopardizes Saint Francis' participation in the Medicare and Medicaid programs, (z) in the sole discretion of RAH exercised in good faith, subjects RAH or any of its employees or radiologists to a penalty under the Intermediate Sanctions as a "disqualified person" or "organization manager" (as defined in the Intermediate Sanctions) or jeopardizes RAH's

compliance with fraud and abuse or anti-kickback restrictions, or otherwise jeopardizes RAH's participation in the Medicare and Medicaid program, or (ii) upon audit or investigation by the Internal Revenue Service or other governmental authority, it is asserted that this Agreement, or any provision hereof, has any of the effects or results specified in clauses (x), (y) or (z) above.

(b) If an Adverse Regulatory Event occurs, then (i) (a) such provision or provisions contained in this Agreement will be fully severable; (b) this Agreement will be construed and enforced as if such provision or provisions had never comprised a part hereof or thereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by such provision or provisions of by its or their severance herefrom or therefrom; and (d) in lieu of such provision or provisions, there will be added automatically as a part of this Agreement, as applicable, a provision or provisions as similar in terms to severed provision or provisions as may be possible that do not have any of the effects stated in clauses (x), (y) and (z) in Section 6.7(a); or (ii) the parties shall attempt to renegotiate this Agreement in a manner intended to provide the parties with the benefits contemplated by this Agreement, and if reasonable efforts to renegotiate this Agreement are not successful, either party may terminate this Agreement, in which event the Company shall be dissolved as provided in Article 8 of the Company's Operating Agreement.

6.9. Amendment. No modification, extension or amendment of this Agreement shall be operative or legally binding on either party unless reduced to writing and executed by both parties to this Agreement. Any verbal changes shall be null and void and of no binding effect.

6.10. Indemnification. The Company shall indemnify and hold harmless RAH, and RAH's officers, directors, members, employees, agents, assigns, and successors-in-interest (collectively "Indemnified Persons") from and against any and all losses, damages, liabilities and expenses (including costs and reasonable attorneys' fees), judgments, fines, settlements and other amounts (collectively "Liabilities") reasonably incurred by any such Indemnified Person in connection with the defense or disposition of any action, suit or other proceeding, whether civil, criminal, administrative or investigative and whether threatened, pending or completed in which any such Indemnified Person may be involved or with which any such Indemnified Person may be threatened, with respect to or arising out of any act performed by the Indemnified Person or any omission or failure to act in accordance with the provisions of this Agreement, provided that the performance or the act or the omission or failure was done in good faith and within the scope of the authority conferred upon the Indemnified Person by this Agreement, except for acts of willful misconduct, gross negligence or reckless disregard of duty, or acts which constitute a material breach of this Agreement or from which such Indemnified Person derived an improper personal benefit. By its execution of the consent to this Agreement, Saint Francis agrees that if the assets of the Company are not sufficient to pay and satisfy such indemnification and saving harmless, Saint Francis shall bear such portion of the cost of such indemnification and saving harmless equal to Saint Francis' Percentage Interest in the Company.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by its duly authorized officers on this ____ day of _____, 2004, effective as of the date hereof.

CAPITOL IMAGING ASSOCIATES, INC.

By: _____

Its Chairman of the
Board of Directors
Duly Authorized

**RADIOLOGY ASSOCIATES OF
HARTFORD, P.C.**

By: _____

Michael T. Twohig, M.D.
Its President
Duly Authorized

Consent

Saint Francis Hospital and Medical Center hereby consents to the provisions of Section 6.9 of the foregoing Management Services Agreement.

**SAINT FRANCIS HOSPITAL
AND MEDICAL CENTER**

By _____

Steven H. Rosenberg
Its Senior Vice President and Chief Financial Officer
Duly Authorized

ATTACHMENT 7

PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT (the "Agreement") made as of _____, 2004, between **CAPITOL IMAGING ASSOCIATES, LLC**, (hereafter referred to as the "Company") and **RADIOLOGY ASSOCIATES OF HARTFORD, P.C.** (hereinafter referred to "RAH").

WITNESSETH:

WHEREAS, the Company owns and operates diagnostic imaging centers (the "Centers") in the Towns of Avon, Bloomfield, Enfield and Glastonbury, Connecticut; and

WHEREAS, the Company desires to engage RAH to provide professional services in diagnostic radiology and related fields of medicine in order to assure adequate provision of such service at all times required to meet the needs of the Company, to enhance the quality of medical care provided, and to furnish professional supervision of such services; and

WHEREAS, RAH employs physicians qualified to fulfill the needs of the Company and desires to accept such engagement and provide such physicians to perform the services as aforesaid;

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE 1

SERVICES TO BE PROVIDED BY RAH

1.1. Engagement of RAH by the Company. The Company hereby engages RAH to provide professional services in diagnostic radiology and related fields of medicine at the Centers (hereinafter referred to as the "Service").

1.2. Radiologists.

(a) The Service shall be staffed by physician-employees or independent contractors of RAH who are specialists in radiology and related fields of medicine. The physician-employees or independent contractors of RAH who so staff this Service shall be referred to hereinafter as "**Radiologists.**" Each of the Radiologists employed or engaged by RAH to perform services at the Centers (i) must be Board certified or Board eligible (and, if Board eligible, shall become Board certified within two (2) years after becoming Board eligible), (ii) have such qualifications and credentials at least comparable to those of the Radiologists employed by RAH, and (iii) must be a duly appointed member of the Active Medical Staff of Saint Francis Hospital and Medical

Center ("Saint Francis") with privileges commensurate with the procedures he or she will be performing at the Centers. As used herein, the term "Board eligible" shall mean a Radiologist who has completed residency training, but who has not yet passed the certifying Board examinations.

(b) The Centers shall be staffed by a minimum of three (3) full-time equivalent Radiologists, or such larger number as shall be necessary to provide timely services to the Centers' patients.

1.3. Duties and Responsibilities of RAH. RAH shall:

(a) Provide a Service of the highest quality at the Centers, perform the Service in a timely, effective and efficient manner as required to meet the needs of the Company, and provide the highest quality of professional supervision that will ensure adequate levels of service and satisfactory operation of the Service in accordance with professional standards and the provisions of this Agreement.

(b) Assist the Company in the interviewing, screening and selection of, supervising the education and training of, and reviewing and evaluating technical, clerical and support personnel assigned to assist RAH in performing the Service.

(c) Institute and maintain procedures of clinical value and accuracy which are consistent with accepted medical practice in the specialty of diagnostic radiology and the operation of the Service. Except in the case of a change which is not significant in the then existing practice of the Service, the institution or discontinuance of any such procedure shall not take effect unless discussed with and approved by the Board of Directors of the Company.

(d) Ensure that Radiologists prepare and record on a timely basis reports of patient examinations, which reports shall be and remain the property of the Company and shall be made available for inspection and use by the Radiologists and RAH as reasonably needed;

(e) Schedule professional coverage of diagnostic radiology services at such hours as the Centers are open to ensure adequate coverage at all times, and review the same from time to time with the Board of Directors of the Company;

(f) Cooperate with the Company's Board of Directors in the preparation of the Company's operating and capital budgets and in controlling the Company's costs;

(g) Assume responsibility for professional quality assurance, establish effective quality control procedures, including retrospective audits on particular diagnostic radiology procedures;

(h) Participate in quality assurance, utilization review and peer review activities as required by the Board of Directors of the Company according to American College of

Radiology Standards and the requirements of the Joint Commission on the Accreditation of Healthcare Organizations;

(i) Establish and implement appropriate policies and procedures as required to assure that any medically indicated and appropriate radiology examinations and treatments are performed in the Centers;

(j) Develop and implement appropriate policies and procedures to assure that all patient records of the Department, including digital records, film records, and reports of treatments and interpretations are efficiently and effectively maintained so as to be kept confidential;

(k) Develop such policies and procedures as required to define the indicators, protocols, criteria, scope, routine view and procedures and define quality indicators for all examinations and treatments performed in the Centers;

(l) Develop and implement, monitor and control such internal systems and organizations for professional operations of the Service as required to provide effective and efficient services to patients referred to the Centers for examination and treatment;

(m) Cooperate with the Company in (i) networking with referral services; (2) negotiating fee arrangements and other conditions necessary for the Company to achieve managed care arrangements; and (iii) assisting the Company in improving and expanding its diagnostic imaging facilities and the provision of diagnostic radiology services;

(n) Comply with all applicable Federal, state and local laws, rules and regulations;

(o) Provide the Service in accordance with (i) applicable professional standards as shall be in effect from time to time at Saint Francis, (ii) the standards of accrediting agencies, and (iii) the Ethical and Religious Directives for Catholic Health Care Services.

(p) Appoint, subject to the approval of the Board of Directors of the Company, a Radiologist as Medical Director of the Service who shall have the responsibility and the authority for the professional direction, professional management and professional supervision of the Service. The Medical Director shall report to the Board of Directors of the Company.

(q) Maintain in full force and effect professional malpractice liability insurance satisfactory to the Board of Directors of the Company on RAH and each Radiologist performing services hereunder in amounts not less than the amounts that RAH is required to provide from time to time in accordance with the provisions of the Agreement dated as of June 1, 1994, between Saint Francis and RAH for the provision of professional services in diagnostic radiology and related fields of medicine at Saint Francis, as the same may be amended. RAH shall provide to the Company a certificate of insurance indicating the coverage required by this Section. The insurance policy and certificate of insurance shall contain a provision requiring the insurance carrier to give the Company at

least ten (10) days notice before any cancellation or material revision of such insurance policy shall become effective provided such material revision would affect the coverage discussed above. RAH's obligation to maintain such coverage shall continue after the termination of this Agreement with respect to matters occurring or arising prior to the termination of this Agreement, in which case RAH shall obtain appropriate "prior occurrence coverage" or "tail insurance" to satisfy its obligation hereunder.

(r) Be solely responsible for the hiring, supervision and termination of the Radiologists and RAH's other employees and for payment of all of their compensation and fringe benefits and providing all required insurance and tax withholdings. The Radiologists and other employees of RAH shall not be considered employees of the Company for any purpose and shall not participate in or be entitled to receive any compensation or fringe benefits from the Company.

ARTICLE 2

COMPANY'S RESPONSIBILITIES

2.1. Duties and Responsibilities of the Company. The Company shall

(a) Provide and maintain adequate space, facilities, equipment and supplies for the safe and proper operation of the Centers and as necessary to provide the highest quality of radiological practice, and shall replace any radiological equipment which becomes unserviceable or obsolete in accordance with the same principle.

(b) Provide and maintain the services of an adequate number of technologists, nurses and support staff in the Centers, including personnel required for radiation safety.

(c) Provide adequate secretarial and clerical assistance for timely scheduling of examinations and matching, processing and filing of images and preparation and filing of reports of patient examinations and for other appropriate professional activities relating to the operation of the Centers. However, the Company shall not provide any secretarial or clerical services for the corporate or private activities of RAH.

(d) Discuss with the Medical Director the need for non-physician personnel for adequate operation of the Service. The Medical Director shall be the physician-employee of RAH in charge of the oversight of the performance of RAH's responsibilities and services under this Agreement of the Company. The number, selection, retention, compensation and job assignments of such personnel shall be discussed by the Company and the Medical Director. RAH shall have responsibility for such personnel as set forth in the Management Agreement. All such non-physician personnel shall be employees of the Company and shall be subject to the personnel policies and practices of the Company, except for (i) personnel involved in the billing activities of the Company, and (ii) non-technical managerial or supervisory personnel, all of whom shall be employees of RAH.

ARTICLE 3

BILLING; PROFESSIONAL FEES

3.1. Billing. Imaging services at the Centers will be billed by the Company on a "global basis" for the professional, technical and facilities components of the services, and RAH shall not bill patients or third-party payors for any services provided hereunder.

3.2. Professional Fees.

(a) The Company shall pay RAH Professional Fees in an amount that is equal to **Professional fee** for the first year of the term of this Agreement. The Professional Fee for and during the second and third years of the term of this Agreement shall be adjusted according to the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items, 1967 = 100, compiled by the Bureau of Labor Statistics, United States Department of Labor ("CPI") on the first day of each such year as compared with the CPI on the first day of the preceding year of the term of this Agreement (if the CPI is superseded, the CPI referred to in this Section 3.2 shall be the one represented by the Bureau of Labor Statistics as reflecting the most accurately changes in the purchasing power of the dollar for consumers). The annual Professional Fee shall be paid in equal semi-monthly installments on each of the first (1st) day and fifteenth (15th) day of each calendar month during the term of this Agreement commencing the calendar month in which the Commencement Date (as defined in Section 5.1) occurs.

(b) The annual Professional Fee for and during all periods subsequent to the initial three years of the term of this Agreement shall be such amount as shall be agreed upon by the parties as representing the fair market value of the services to be provided by RAH hereunder. If the parties are not able to agree upon the Professional Fee for any period, then the Board of Directors of the Company and RAH shall each appoint an independent consultant experienced in healthcare matters and advise the other party of the identity of its consultant. The two consultants shall be instructed to each render an opinion of the fair market value of such services in arms-length transactions, determined in a manner that does not take into account the volume or value of any referrals or business otherwise generated between the parties for which payment may be made in whole or in part under Medicare or a state health care program, and the consultants shall take into consideration the parties' understanding and agreement that the annual Professional Fee specified in Section 3.2(a) represents fair market value at the time of the execution and delivery of this Agreement. The fair market value of the services to be provided by RAH hereunder for the succeeding three-year period shall be the amount determined by the two consultants, whose determination shall be binding and conclusive upon the Company and RAH. If the two consultants shall not agree, and the larger opinion of fair market value is not more than one hundred ten percent (110%) of the smaller opinion, then the Professional Fee for the applicable period shall be the average of the two opinions. If the

two consultants shall not agree and the fair market value of the services to be provided by RAH hereunder for the applicable period is not determined pursuant to the immediately preceding sentence, then the two consultants shall appoint a mutually agreeable third consultant who shall be instructed to render an opinion in the same manner, and if the two consultants fail to do so, the selection of the third consultant may be made by any judge of the Superior Court in and for the Hartford-New Britain Judicial District upon application of either party, in which case the Professional Fee for the applicable period shall be the amount determined by the third consultant as the fair market value thereof, whose determination shall be binding and conclusive upon the Company and RAH. Each of the Company and RAH shall pay the costs of the respective consultant appointed by each of them, and shall share equally the cost of the third consultant if one shall be appointed.

(c) The Professional Fee specified in Section 3(a) has been established on the assumption that three full-time equivalent Radiologists will be required for the provision of the professional component of imaging services to be provided at the Centers. In the event that fewer or more Radiologists are required for the provision of the professional component of imaging services to be provided at the Centers, then the annual Professional Fee shall be adjusted on a proportionate basis based on the actual number of full-time equivalent Radiologists who provide the professional component of imaging services at the Centers. If the parties are not able to agree on the adjustment of the Professional Fee as provided in this Section 3(c), then the matter shall be resolved in accordance with the procedures set forth in Section 3(b).

ARTICLE 4

EXCLUSIVITY.

4. **Exclusive Service.** The Company agrees that RAH shall provide professional radiology services and use the Company's equipment and facilities and perform the functions of the Centers on an exclusive basis in order to promote efficient and economical operation and administration of the Centers and the Company, to provide optimum patient care, to ensure proper utilization and control of the equipment and standardization of procedures, and to provide consistency of teaching and training of technical personnel. The Company further agrees, therefore, that the Company shall not employ, engage, contract with or permit any other persons or entity to use the equipment or facilities of the Company, to administer the examinations, to perform the procedures or to render any other aspect of the Service to be provided by RAH hereunder.

ARTICLE 5

TERM OF AGREEMENT; TERMINATION

5. **Term.** This Agreement shall commence on the first day of the calendar month following the month in which this Agreement shall have been executed and delivered by

both parties (the "Commencement Date") and shall continue so long as (a) the Company shall continue in existence, and (b) RAH shall continue to be a Member of the Company. This Agreement shall terminate on the earlier of (i) such time as the Company dissolves and its affairs shall be wound up, and (ii) RAH ceases to be a Member of the Company.

ARTICLE 6

MISCELLANEOUS

6.1. Status of the Parties. It is expressly understood and agreed that RAH and the Company shall perform the work, duties and obligations under this Agreement as independent contractors and that, notwithstanding any other provision of this Agreement the activities contemplated hereby are not intended to create a partnership or co-venture between the parties, and none of the parties is authorized as a partner, agent or otherwise to act for or on behalf of the other party, or to subject the other party to any debt, obligation or liability.

6.2. Assignment. Neither party may assign any of its rights, nor may RAH delegate any of its duties under this Agreement, without the prior written consent of the other party.

6.3. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and, subject to the limitation of Section 6.2, assigns.

6.4. Severability. Any provision of this Agreement which shall be found by a court of competent jurisdiction to be illegal or unenforceable, shall be null and void for all purposes as a result thereof and shall have no binding effect on either of the parties hereto, but all other provisions of this Agreement which are not affected by such invalid provision(s) shall continue in full force and effect. Notwithstanding, the parties shall thereupon negotiate in good faith in order to resolve any inequities that may have arisen as a result of the deletion of such provision(s).

6.5. Charitable Purposes and Community Benefit.

(a) RAH shall perform its duties, responsibilities and authority pursuant to the provisions of this Agreement so that the Company will be operated in a manner that furthers Saint Francis' tax-exempt and charitable purposes and the community benefits standard generally required of hospitals under Section 501(c)(3) of the Internal Revenue Code by promoting health for a broad cross-section of the community, and RAH shall perform its duties, responsibilities and authority hereunder in a manner that furthers such community benefit standard and overrides any goals or duty RAH may have to provide its duties, responsibilities and authority hereunder for the financial benefit of the Company's members. The Board of Directors of the Company shall have the right to terminate this Agreement if the Board of Directors determines that RAH has failed to provide its duties, responsibilities and authority hereunder in accordance with such

standards, and the continuation of such failure for a period of ninety (90) days after notice thereof from the Company, provided that if such failure cannot, with RAH's best efforts and diligence, be cured within such 90-day period, then such 90-day period shall be extended for such longer period as shall be reasonable in the circumstances so long as RAH continues to use its best efforts and diligence to cure such default, and in the event of a dispute relating to such termination, RAH shall have the right to submit the dispute for resolution pursuant to Section 6.5(b).

(b) In the event of any controversy or dispute with respect to any matter arising under Section 6.5(a), the parties agree to meet and confer in good faith to attempt to resolve the controversy or dispute without an adversary proceeding. If the controversy or dispute is not resolved to the mutual satisfaction of the parties within thirty (30) business days after notice of the controversy or dispute, the parties agree to waive their rights, if any, to a jury trial and pre-trial discovery, and to submit the controversy or dispute to arbitration in accordance with the rules and procedures of the American Health Lawyers Association, which shall be conducted in Hartford, Connecticut. The arbitrator(s) shall resolve any controversy or dispute submitted to dispute resolution pursuant to this Section 6.5(b) by applying the following principles, in priority as listed: (a) the parties wish to ensure compliance with all federal and state laws, rules and regulations applicable to the parties; (b) the parties wish to avoid any significant risk that would jeopardize Saint Francis' tax-exempt status, subject Saint Francis, RAH or any "management officer" or "disqualified person" to any penalty under Intermediate Sanctions (as defined in Section 6.7 of this Agreement) or otherwise; (c) the parties wish to ensure compliance with the Ethical and Religious Directives for Catholic Health Care Services; (d) the parties wish to enhance the quality of patient care; and (e) the parties wish to promote prudent financial management of the Company, and a prudent balance between short-term and long-term financial objectives of the Company, subject to the overriding purpose of the Company to further Saint Francis' tax-exempt purposes without regard to maximization of profits. The decision of the arbitrator(s) shall be final and binding on the parties. This agreement to arbitrate shall be specifically enforceable. The parties shall each pay for their respective fees, costs and expenses associated with any arbitration.

6.6. Anti-Kickback Restrictions.

(a) The Company and RAH shall comply in all material respects with fraud and abuse, anti-kickback, self-referral and similar provisions of federal and state laws, rules and regulations prohibiting the inducement of referrals of patients for services or items reimbursable under the Medicare, Medicaid, TriCare or other federal or state governmental healthcare programs.

(b) Without limiting the generality of the foregoing, the parties agree and acknowledge that the terms, obligations and agreements set forth in this Agreement, and the arrangements pursuant to which payments are made or services are rendered hereunder, shall be determined and paid on the basis of fair market value, and are not payment for, are not in any way contingent upon, and are not intended to induce (i) the admission or referral of any individual to any physician, office or facility employed,

controlled, managed or operated by the Company, Saint Francis or RAH or any of their respective affiliates, for the furnishing or arranging for the furnishing of items or services, including items or services for which payment may be made in whole or in part under Medicare, Medicaid, TriCare or otherwise, or (ii) the purchase, lease, order, or arrangement for, or the recommendation for the purchasing, leasing, ordering or arranging for, any good, facility, service or item, including any good, facility, service or item for which payment may be made in whole or in part under Medicare, Medicaid or otherwise.

6.7. Furtherance of Exempt and Charitable Purposes.

(a) Saint Francis is a not-for-profit corporation that has been recognized as exempt from Federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Code and the Regulations impose certain requirements, conditions and restrictions (collectively, "**Income Tax Requirements**") on the manner in which Saint Francis may enter into business arrangements with taxable entities such as RAH without jeopardizing or adversely affecting Saint Francis' tax-exempt status, subjecting Saint Francis or "organization managers" or "disqualified persons" as defined in the Intermediate Sanctions or subjecting Saint Francis' share of the Company's net income to taxation as unrelated business income.

(b) RAH acknowledges and agrees that the arrangements between the Company and RAH as provided in this Agreement are intended to further Saint Francis' tax-exempt and charitable purposes by, among other things (i) improving and enhancing the availability, quality and cost-effectiveness of diagnostic imaging and related health care services in the greater Hartford, Connecticut community and surrounding municipalities (the "**Service Area**"); (ii) improving patient convenience and access to diagnostic imaging and related health care services in the Service Area; and (iii) maintaining health care and health education programs for the benefit of the Service Area.

(c) Nothing contained in this Agreement shall require or be deemed to require the Company or Saint Francis to participate in any financial or other arrangement or otherwise act in any manner that Saint Francis in its sole discretion believes could cause Saint Francis to violate the Income Tax Requirements.

(d) All financial and other arrangements pursuant to which RAH provides services or goods to the Company and the Centers pursuant to this Agreement or otherwise shall ensure that the Company acts in furtherance of Saint Francis' tax-exempt and charitable purposes and not, other than incidentally, for the benefit of RAH, and in this regard, (i) all financial and other arrangements relating to the Company and the Centers shall ensure that RAH does not derive improper financial gain; (ii) fair market value consideration shall be paid to RAH and any other participants that provide services, products or facilities to or for the Company and the Centers; and (iii) the services provided by the Company shall be made available to all members of the community without regard to their ability to pay.

6.8. Adverse Regulatory Events.

(a) For purposes of this Section 6.7, an “**Adverse Regulatory Event**” occurs if (i) any governmental or ethical law, rule or regulation is adopted or amended, or any administrative ruling or judicial interpretation is issued or modified, relating to matters affecting tax-exempt organizations and their affiliates, or to the provision of services or items to beneficiaries of the Medicaid, Medicare or other governmental programs, or otherwise relating to the practice of medicine or any other matter contemplated by this Agreement, with the effect that any provision of this Agreement (x) becomes illegal, invalid or unenforceable, (y) in the sole discretion of Saint Francis exercised in good faith, jeopardizes Saint Francis’ tax-exempt status or subjects Saint Francis’ share of net income of the Company to taxation as unrelated business income, subjects Saint Francis or any “organization manager” (as defined in Section 4958 of the Internal Revenue Code and any regulations promulgated thereunder, as amended from time to time, or any corresponding provisions of any succeeding law or regulation (the “**Intermediate Sanctions**”)) of Saint Francis to a penalty under the Intermediate Sanctions, jeopardizes Saint Francis’ compliance with fraud and abuse or anti-kickback restrictions, or otherwise jeopardizes Saint Francis’ participation in the Medicare and Medicaid programs, (z) in the sole discretion of RAH exercised in good faith, subjects RAH or any of its radiologists or employees to a penalty under the Intermediate Sanctions as a “disqualified person” or “organization manager” (as defined in the Intermediate Sanctions) or jeopardize RAH’s compliance with fraud and abuse or anti-kickback restrictions, or otherwise jeopardize RAH’s participation in the Medicare and Medicaid program, or (ii) upon audit or investigation by the Internal Revenue Service or other governmental authority, it is asserted that this Agreement, or any provision hereof, has any of the effects or results specified in clauses (x), (y) or (z) above.

(b) If an Adverse Regulatory Event occurs, and if the rights or obligations or the parties under this Agreement will not be materially and adversely affected by the provisions in clauses (i) through (iv) below, and the parties will not be subjected to an onerous financial or other burden on account of the provisions in clauses (i) through (iv) below, then (i) such provision or provisions contained in this Agreement will be fully severable; (ii) this Agreement will be construed and enforced as if such provision or provisions had never comprised a part hereof or thereof; (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by such provision or provisions of by its or their severance herefrom or therefrom; and (iv) in lieu of such provision or provisions, there will be added automatically as a part of this Agreement, as applicable, a provision or provisions as similar in terms to severed provision or provisions as may be possible that do not have any of the effects stated in clauses (x), (y) and (z) in Section 6.8(a).

(c) If an Adverse Regulatory Event occurs that (i) has any of the effects stated in clauses (x), (y) or (z) in Section 6.8(a), (ii) materially and adversely affects the rights or obligations or the parties under this Agreement, or (iii) subjects one or both of the parties to an onerous financial or other burden on account thereof, then (x) the parties shall attempt to renegotiate this Agreement in a manner intended to provide the parties with the benefits contemplated by this Agreement, or (b) if reasonable efforts to renegotiate this

Agreement are not successful, either party may terminate this Agreement, in which event the Company shall be dissolved as provided in Article 8 of the Company's Operating Agreement.

6.9. Amendment. No modification, extension or amendment of this Agreement shall be operative or legally binding on either party unless reduced to writing and executed by both parties to this Agreement. Any verbal changes shall be null and void and of no binding effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by its duly authorized officers on this ____ day of _____, 2004, effective as of the date hereof.

**CAPITOL IMAGING
ASSOCIATES, LLC.**

By: _____

Its Chairman of the
Board of Directors
Duly Authorized

**RADIOLOGY ASSOCIATES OF
HARTFORD, P.C.**

By: _____

Michael T. Twohig, M.D.
Its President
Duly Authorized

ATTACHMENT 8

CAPITOL IMAGING ASSOCIATES, LLC

SAINT FRANCIS
HOSPITAL AND
MEDICAL CENTER

51% Ownership

RADIOLOGY
ASSOCIATES OF
HARTFORD, P.C.

49% Ownership

CAPITOL IMAGING
ASSOCIATES, LLC

Provides Professional,
Management and
Billing Services

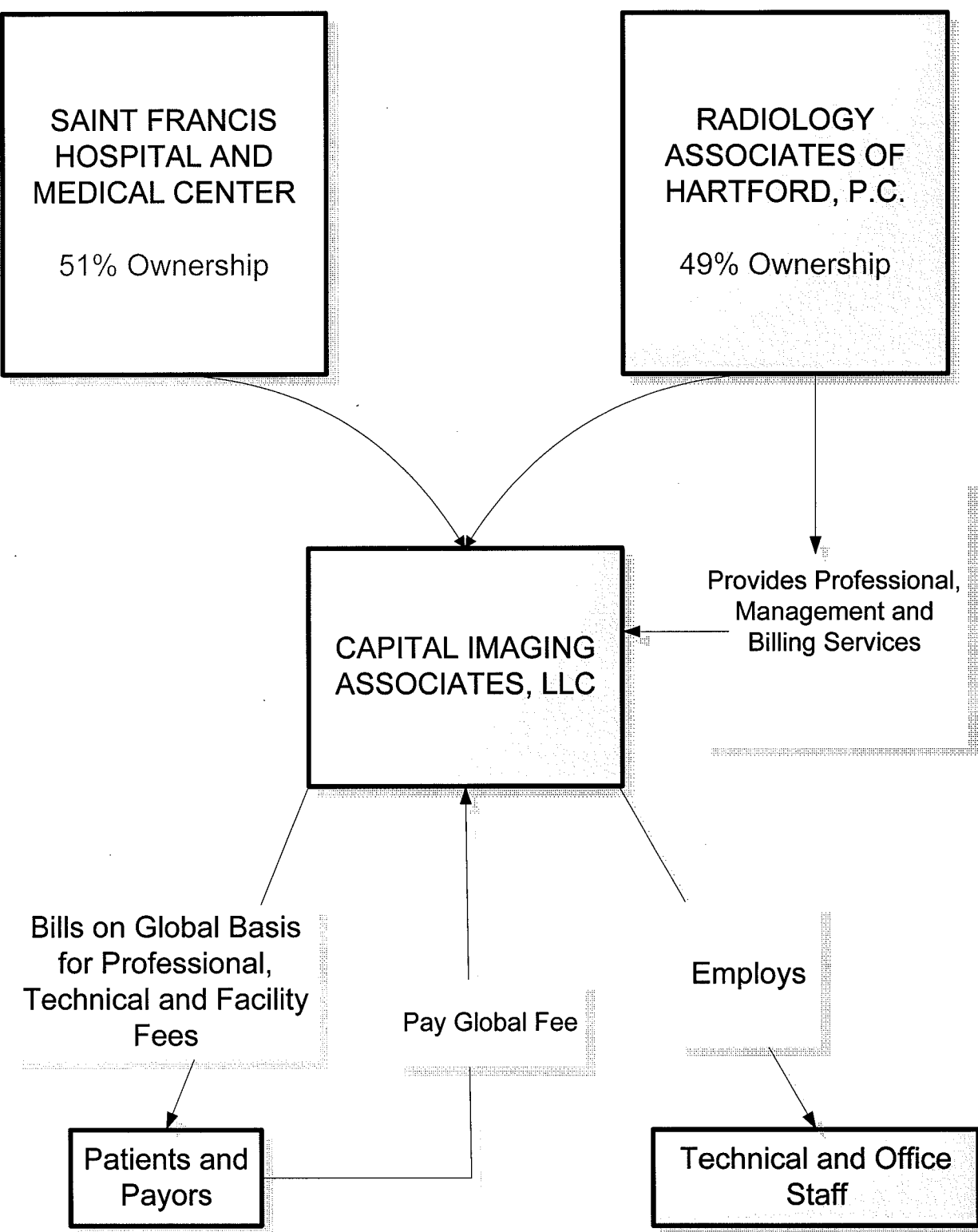
Bills on Global Basis
for Professional,
Technical and Facility
Fees

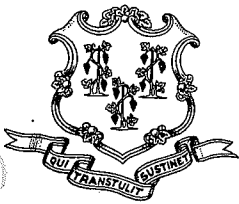
Patients and
Payors

Pay Global Fee

Employs

Technical and Office
Staff





M. JODI RELL
GOVERNOR

STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

CRISTINE A. VOGEL
COMMISSIONER

December 3, 2004

R. Christopher Hartley
Senior Vice President
Planning and Facilities Development
Saint Francis Hospital and Medical Center
114 Woodland Street
Hartford, CT 06105-1299

Re: Certificate of Need Determination, Report Number 04-30406-DTR
Saint Francis Hospital and Medical Center
Formation of joint venture for diagnostic imaging services between Saint Francis
Hospital and Medical Center and Radiology Associates of Hartford, P.C.

Dear Mr. Hartley:

On November 24, 2004, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") Determination request regarding the proposal of Saint Francis Hospital and Medical Center ("Hospital") to form a joint venture for diagnostic imaging services with Radiology Associates of Hartford, P.C. ("RAH"). OHCA has reviewed the information contained in your request and makes the following findings:

1. Saint Francis Hospital and Medical Center is an acute care general hospital located at 114 Woodland Street in Hartford, Connecticut.
2. Radiology Associates of Hartford is a private group of radiologists that provides the professional component of diagnostic radiology services provided at the Hospital and owns and operates the existing "Centers" (Avon, Glastonbury, Bloomfield and Enfield) as private offices.
3. The Hospital and RAH are proposing to form a joint venture to own and operate the diagnostic imaging centers currently owned and operated by RAH in the towns of Avon, Glastonbury, Bloomfield and Enfield.
4. The new entity will be known as Capitol Imaging Associates, LLC ("CIA"). The Hospital will own 51% interest and RAH will own 49% interest.
5. The diagnostic imaging modalities currently provided at the Centers include plain film X Ray, CT Scanning, ultrasonography and fluoroscopic imaging. The

Hospital through a contract with Alliance Imaging Inc., also provides mobile MRI services to the Avon and Enfield Centers.

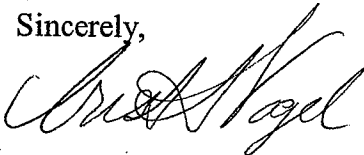
6. The Hospital will contribute \$479,296 to the joint venture for working capital purposes. RAH will contribute all the equipment, furniture and furnishing owned by RAH and currently used in the Centers. RAH represents that the value of these assets it is contributing and assigning to the proposal is \$460,500.
7. Capitol Imaging Associates will provide the service to its patients, will employ its own technical staff, and will contract with RAH for the professional services of RAH's radiologists.
8. The total capital cost associated with this proposal is \$460,500.
9. The proposed joint venture will be funded through operating funds, lease and capital transfers.

Based on the above findings, the proposed joint venture would be a Transfer of Ownership and control from Radiology Associates of Hartford, P.C. to Capitol Imaging Associates, LLC and would establish new or additional Hospital radiology services at Capital Imaging Associates. Therefore, OHCA has determined that the proposal of Saint Francis Hospital and Medical Center and Radiology Associates of Hartford, P.C. to form a joint venture to own and operate the diagnostic imaging centers will require CON authorization from OHCA pursuant to Section 19a-638 of the Connecticut General Statutes.

OHCA considers your CON Determination filing of November 24, 2004 to be your Letter of Intent for the CON proposal. The CON application forms specific to this proposal will be sent to you under separate cover. The Hospital may file its completed CON application with OHCA between January 23, 2005 and March 24, 2005.

If you have any questions concerning this letter, please contact Paolo Fiducia, Associate Health Care Analyst, at OHCA at (860) 418-7001.

Sincerely,



Cristine A. Vogel
Commissioner

cc: Rose McLellan, Licensing Examination Assistant, DHSR, DPH

CAV: pf